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ABSTRACT

This guide is designed to assist those group leaders responsible for presenting consumer education and financial management classes or programs to client and community groups. The topical units address the following areas of concern: (1) observation of non-verbal behavior; (2) active listening; (3) clarification of clients' statements; (4) asking questions; and (5) common types of financial problems faced by clients. The contents of each unit are presented in a standard format, including background material, conceptual outline, group experience activities, and additional suggestions for modifying or altering the group activities. (HLM)

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BUILDING BASIC FINANCIAL COUNSELING SKILLS

A Leader's Guide For Group Training of Financial Counselors

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FOREWORD

This publication is one of four developed at Virginia Polytechnic Institute and State University by staff of the Financial Counseling Project, an activity funded by a grant from the U.S. Office of Education. These materials are designed to help fill the need for training materials in the growing field of family financial counseling.

The effects of inflation and dramatic increases in the costs of food, utilities, transportation and medical expenses have left many Americans deep in financial trouble. Many individuals and families find themselves overindebted with consumer credit bills that they cannot pay. For some, this is partly due to increases in living expenses. Others, in response to advertising pressure and the lure of the "good life," have gone over their heads in debt trying to "keep up with the Joneses." These people often search for someone who can help them out of their financial difficulties.

There is a wide range of people who can, and often do, provide financial counseling to those who have problems with overindebtedness. The one type of agency that specifically deals with these problems is the Consumer Credit Counseling Service, with some 200 affiliated agencies throughout the country. People who live in areas without a CCCS turn to social service agencies, social workers, clergymen, extension agents, home economics teachers, community action programs, credit unions and other credit lenders, in addition to other sources of help. Many of the above professionals have no specific training in how to deal with problems of personal or family finance and find it difficult to locate educational materials to teach them how to give assistance with financial problems.

The field of "financial counseling" is very broad and includes such areas as investment counseling, estate planning, budget counseling, and even consumer education. These publications specifically address those counselors who assist people with a variety of financial problems rather than those who provide investment advice. The broad term "financial counselor" is used throughout the material.

The materials we have developed are based both on previous research and previous materials developed at Virginia Polytechnic Institute and State University. To determine in which areas of family financial counseling there existed the greatest need for new instructional materials, we surveyed a wide cross-section of people who work directly or indirectly with people and their financial dealings. Consumer credit counselors, welfare agencies, credit union personnel, social workers, extension agents, clergymen, bankruptcy trustees, community action program workers and others were included in both our nationwide and in-depth Virginia surveys. These and earlier materials reflect the needs discovered in this survey.

One of the new publications is an adaptation of self-instructional modules to group format. Various agencies are now teaching financial counseling to groups of people and there was a perceived need to provide group instructional materials for financial counselors.

Another of the new publications is a group leaders' guide for presenting consumer education and financial management classes to client and community groups. The majority of Americans have had no exposure to these basic knowledge and skill areas and as a result, get into financial difficulties. It is hoped that by teaching consumer groups, a financial counselor can provide preventive education to people before they get into a financial jam.

The third publication is designed to increase financial counselors' awareness of the counseling field. It presents numerous approaches to counseling and points out their potential application to financial counseling. One current issue in financial counseling is the development of professionalism. This material provides an overview of a variety of counseling approaches that can be integrated into either a counselor training program or into an individual counselor's style.

The fourth publication is a guide to community services that can be used by a financial counseling agency to develop a community service handbook. If completed, this can provide a financial counselor with comprehensive listings of community resources and can be used as a referral guide.

The Financial Counseling Project is clearly aware that various financial counselors and agencies operate in diverse ways. Therefore, it is expected that users of the materials will adapt them to their own unique needs. These are prototype materials which we hope will provide the direction for future development and refinement of a complete set of financial counselor training materials.

Introduction

Each of the units in this publication is complete. Each contains all the necessary information and materials required to lead a group instructional session on the topic addressed. Masters for handouts are included. We suggest you make copies of the handouts for each group participant.

The contents of each unit are prepared in a standard format:

I. Background Material
II. A Conceptual Outline
III. Suggested Group Experiences
IV. Further Suggestions

Section I is an edited version of the text of the individualized instruction modules developed at VPI by the Debt Counseling Project in 1977. It is intended to provide you, the leader, with sufficient background material on the given subject to conduct the learning experience. It will not make you an expert in the field. It is there to prepare you for the learning experiences and to handle any questions not covered in the learning experience. If you wish, you may give the group participants a copy of the background material in advance, but the group exercises do not assume that the participants are familiar with this material.

Section II is a one-page conceptual outline. The major ideas and subjects to be covered in the group are listed here in the order in which they are to be covered. The conceptual outline can be used by the leader to systematize the background material. It can also be used during the course of the presentation to refer back to, thus ensuring that you have covered each item on the outline. Some group leaders use a pencil to check off the topics as they are covered in the group.

Section III contains the group process. First is an introductory section which explains the goals of the unit, group size, time required and any ancillary equipment required to conduct the group. This information allows you to plan ahead for the right size room, to schedule adequate time, to secure equipment needed, to make copies of group handouts, etc.

Following the introduction is the group experience or process itself. It is divided into three columns, Notes on Activities, Time and Activity. Reading across a horizontal line on the page will show the actual group activity (on the right), the time in which to do the activity (middle) and comments on how to prepare for and conduct the activity (on the left).

Each group session is developed to be presented in approximately one hour. It is easy to become involved in discussion or question and answer. If you intend to cover all the material and you wish to limit the group to one hour, please observe the suggested time for each activity.

Please note that the Activity section is written as if a person were speaking the lines to a group. You may, if you wish, read the presentation to your group. Keep in mind, though, that if you want your child to fall asleep, you read to him. The same principle applies to adults.

Seriously, the text is designed to give you, the leader, an idea of the type of things you can say to present the ideas contained in the unit. Many factors will determine what you, personally, will want to say--the type of group you're leading, your own personal style, your own ideas or ways of looking at things.

If you have never led a group before, we strongly suggest that you follow the format given so that you can develop a "feel" for the group process. Nevertheless, we encourage you to use language that you find comfortable and that suits the unique needs of your group and yourself.

Nearly all the activities require a blackboard or other surface to write on. This type of visual aid can be very helpful for the group participants as they attempt to grasp the relationships and flow of ideas as they are presented.

There are also masters for photocopying provided for each activity. Please make enough copies for use by your group prior to the presentation. They are essential to many of the activities.

Section IV of each unit contains additional suggestions on how the group activities could be modified or altered. Clearly, there is no one perfect and right way to present any given topic to a group. Once you have developed a "feel" for group dynamics and group process, we encourage you to try new things and present ideas in different ways. Many of our activities were adapted from the "Bible" of group activities, the six volumes edited by Pfeiffer and Jones entitled, A Handbook of Structured Experiences for Human Relations Training. This reference set is available at most libraries and is highly recommended for those of you who wish to pursue an interest in group process activities.

Following is a step-by-step outline of how to prepare yourself to successfully present a training group using this material:

1. Enroll your group.
2. Determine their needs; select an appropriate topic.
3. Set a time for your group to meet.
4. Read the introduction to the Activity. Based on the required equipment, reserve a suitable room.
5. Read the Background Material.
6. Read the entire Activity.
7. Re-read the Background Material.
8. Go through the Activity step-by-step, referring to the indicated section of the Background material until you feel confident that you know the material.
9. To test yourself, run through the entire presentation in your mind using only the conceptual outline. Note any weak areas and study them further until you are confident.
10. Make copies of all handouts. Assemble all needed materials. It is wise to make a checklist so you don't forget anything.

11. Get up in front of your group and feel very nervous. Actors say that pre-performance anxiety is what becomes excitement and sparkle during the performance. Nervousness is normal and expectable.
12. Become a successful group leader. If you have completed the first eleven steps, it's inevitable.

Unit 1

OBSERVING NON-VERBAL BEHAVIOR

Introduction

This unit will be dealing with the non-verbal aspects of interacting with others in a financial counseling situation. It is designed to provide you, the leader, with: I, Background Material on non-verbal communication; II, a suggested outline for presentation material; III, group experience to involve those you are working with; and IV, suggestions for further development and optional materials for your use.

I. BACKGROUND MATERIAL

The following material is presented to give you, the leader, some limited knowledge concerning non-verbal communication. Since spoken messages that clients give are only part of their total message, the financial counselor needs to be aware of the non-verbal messages being sent.

Non-verbal communication is the process of exchanging information through non-linguistic signs. While a person is speaking verbally, he is also "talking" (communicating) by gestures, body position and movement, facial expression, tone of voice and eye contact.

The process of communicating has been described by Satir in the following manner:

- When A talks, B assesses the verbal meaning of A's message.
- B also listens to the tone of voice in which A speaks.
- B also watches what A does; he notes the "body language" and facial expressions which accompany A's message.
- B also assesses what A is saying within a social context. The context may be how B has seen A respond to him and to others in the past. It may also be B's expectations about what the requirements of the situation are.
- In other words, the receiver (B) is busy assessing both the verbal and the non-verbal content of A's message so that he can come to some judgment about what A meant by his communication.

This process of "assessing" depends on the counselor interpreting and checking out these clues received from the non-verbal behavior of the client.

As you can see, communication is a very complex process. Many people believe that more accurate information is conveyed in non-verbal ways than through spoken words. In this unit we will be looking specifically at

observing the non-verbal aspects of communication from a client.

The client will communicate a number of feelings through non-verbal behavior including, for example:

- fear
- anxiety
- sincerity
- affection
- confusion
- anger
- aggression
- happiness
- hostility
- interest
- boredom
- concern

A. Two Main Sources of Non-Verbal Communication

There are two main sources of non-verbal messages, (1) the body and (2) the voice. From these two sources come four elements of non-verbal communication: body position, body movement, voice tone, and voice pitch. These four elements of non-verbal behaviors give a wealth of information to the observant financial counselor. Each of these will be discussed below.

1. The Body

When learning to improve one's ability to observe the non-verbal behaviors of clients, it is important to note communicating factors associated with "body language." In particular, the counselor should be able to note and interpret the meaning of the communication as revealed by the client's body position and movements. How the counselor interprets any non-verbal behavior needs to be checked out against other clues given by the client.

a. Position

Overall client posture gives clues to the observant counselor. The client who sits erect and comfortably is usually relaxed. When the client leans slightly forward, this usually indicates that the client is paying attention, is interested and involved in the counseling session. The client who slouches or seems to be drawn away from the counselor may be indicating disinterest, lack of trust, or boredom. Good posture may indicate self-assurance and positive self-esteem. Poor posture may be a clue that the client has a lack of self-assurance or low self-esteem.

The counselor should also note the client's arms and legs. When legs are uncrossed and arms are positioned comfortably at the sides, this usually indicates that the client is relaxed and "open." Legs and arms that are tightly crossed are seen, by some people, as indications of distrust or unreceptiveness.

The facial position is also important to note. The client whose face appears frozen in one position may be exhibiting fear, anxiety, or anger. Most people's facial expressions change frequently. More information about facial expressions will be presented under "Movement."

b. Movement

The client who frequently changes positions may be indicating discomfort or lack of interest. This could also indicate unexpressed anger. The counselor should be aware of the client's overall body movements to discover more information about the client.

Many people consider body language to be a more "honest" or "pure" method of communicating. People often cover up their feelings with words. For example, a client may say "No, I'm not nervous," even though the counselor can see the client biting nails, pulling at hair or fidgeting around. Many people make statements they think are more acceptable in a given situation. But, rarely are they conscious of what they are communicating through body language.

i. Gestures

Hand and arm gestures are usually used to illustrate or accent verbal statements. When the client's hands are clasped tightly and the counselor can see that the client's knuckles are taut, this may indicate fear or anxiety. Jerky hand and arm gestures may likewise indicate tension or anxiety in the client. Smooth, flowing gestures usually mean that the client is relaxed and interested in the counseling session. Frequent crossing and uncrossing of legs or bouncing a leg that is crossed may indicate nervousness, boredom or disinterest. Repetitive gestures such as tapping a foot, drumming the fingers, playing with hair or clothing might also indicate nervousness or restlessness, or they might be organic in nature.

ii. Facial Expressions

The counselor can learn much from a client's facial expressions. This is a primary location of effective cues. Look for frowns, smiles, or nervous habits such as biting the lips. Look especially to see if the client's facial expression is appropriate. For example, if the client talks of anger, do facial expressions confirm or deny the talk? When the client expresses happiness, does he smile or appear happy?

iii. Eye Contact

An observant counselor can learn much from a client's eye contact. When the client's eyes are downcast and rarely meet the gaze of the counselor, this may indicate shyness, anxiety or fear. If the client stares or glares constantly at the counselor, this could indicate anger or hostility. The client whose eyes rove all around the room, looking at the walls and ceiling, may be indicating disinterest. A client who is open and interested in the counseling session will usually meet the gaze of the counselor. This eye contact usually indicates that the client is interested in the session and has a positive and concerned attitude toward solving the financial problems. Be aware, however, that people from some cultural settings use eye contact in different ways.

2. The Voice

Non-verbal clues are found by observing the tone and pitch of the client's voice.

a. Tone

Tone is loudness or softness. The client who talks very loudly or shouts may be indicating anger or hostility. The client who talks very softly may be exhibiting fear or shyness.

b. Pitch

Pitch is the quality of voice which indicates how high or low the voice is on a musical scale. A high-pitched voice may indicate anxiety, fear or anger. A low-pitched voice can indicate either comfort or control of strong emotions.

Each client will have unique characteristics of voice. Some people's voices will be louder than others. The natural pitch of different people's voices varies greatly. Once you have determined the natural voice quality of a client, you can often tell what the client is feeling, just by taking note of changes in the pitch of the voice.

If the client's voice gets louder, you may be approaching a subject in the interview about which the client is angry. If the pitch of the client's voice begins to rise, and the voice starts to quaver or break, you may find that the client is about to cry. There is no "right" way to handle this kind of situation. However, the beginning counselor would do well to consider taking some action before (or as) this happens, since overindebted clients sometimes do cry during an interview.

Some counselors encourage clients to "cry it out." Other counselors try to get the client to stick just with the facts, not the client's feelings, but each counselor must determine his own way of dealing with this situation.

B. Congruence

It is important for the counselor to note that in all of the above descriptions of non-verbal behaviors, it is stated that a behavior "usually" or "may" indicate one or more feelings. Non-verbal behaviors are clues. They must be closely observed and compared with what the client says to determine if they are appropriate or congruent.

For example, if a client says "I'm really mad at that bill collector!" and hits the desk with a fist, the gesture of striking the desk is congruent with what the client says. If the client makes the same statement and sits calmly and smiles, this is incongruent behavior; it does not agree with the verbal statement. When the counselor notes incongruent behavior in a client, it is appropriate to mention this to the client in an attempt to clarify which element is correct. This skill, clarification, is presented in another unit of this leader's manual for financial counseling.

C. Interpreting the Meaning of Non-Verbal Behaviors

As mentioned before, non-verbal behaviors are clues or indicators. A counselor could tend to jump to premature conclusions about the reason for a particular behavior. For example, a client's hands shaking may be due to:

- being cold
- nervousness
- fear
- Parkinson's disease
- operating an air hammer
- drinking too much coffee
- working in a chemical plant (side effects from the job)
- alcoholism
- any of a hundred other reasons

The client who always talks very loudly may be angry or hard of hearing. The client who appears disinterested may show fatigue from worrying about bills and not being able to sleep; or that client may be taking tranquilizers to relieve the anxiety about debts. A client who frequently exhibits incongruent behavior may truly be disinterested or may have a personality disorder which can only be treated by a professional therapist.

Not all problems result from financial worries. Some clients may have physical or mental problems that are causing their financial problems. Non-verbal behaviors will give an observant counselor many clues, but in most cases the meaning or reason behind the behavior will not be totally clear.

Each client is a unique and different person from other clients and yourself. DON'T ASSUME YOU KNOW WHAT A GIVEN BEHAVIOR MEANS. You must check it out and clarify your perception with the client.

D. The Counselor's Non-Verbal Behavior

One further topic needs to be stated at this point. All of the above also applies to the COUNSELOR'S NON-VERBAL BEHAVIOR. Counselors also communicate a great deal to the client through their body language and voice which will have an effect on the client. For example, if a counselor is sitting back in his chair in a slouched position with feet upon the desk, this may convey the message to the client that the counselor does not really care about the problems being presented. Therefore, in addition to being conscious of all the messages the client is giving off, the counselor also needs to be aware of his own non-verbal messages.

E. Summary

We have now looked at the two sources of non-verbal behavior--the body and the voice. We have seen how the body gives a great many clues to what the client is communicating to the counselor through body position and movement. These aspects of communication must be taken into account as the counselor assesses the client's total message.

The voice provides a financial counselor with many clues about the client's feelings or emotions. Changes in voice quality are an early indication of how the client is responding to the subject being discussed. Sometimes, strong emotions tend to come out during an interview. Each counselor must determine what way of dealing with strong emotions "feels right" for him or her.

When the words and non-verbal behavior do not agree, the client is not sending you a congruent message. The counselor needs to call this to the client's attention in order to clarify the message. Remember the main rule of observing non-verbal behavior is DON'T ASSUME YOU KNOW WHAT A GIVEN BEHAVIOR MEANS. Check it out with the client. This will help you understand the non-verbal messages more clearly.

Finally, counselors must keep in mind that their own non-verbal behavior has an impact on clients.

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II. CONCEPTUAL OUTLINE

You have just read some limited background information required to teach other counselors about non-verbal behavior. Please go through the following outline and determine if you understand each of the topics that has been presented.

If you have questions, or are not clear about any of the outlined topics, go back and re-read the information to prepare yourself fully to conduct a group training session.

A. Two Main Sources of Non-Verbal Communication

1. The Body

a. body position
b. body movement

i. gestures
ii. facial expressions
iii. eye contact

2. The Voice

a. tone
b. pitch

B. Congruence

C. Interpreting the Meaning of Non-Verbal Behavior

D. The Counselor's Non-Verbal Behavior

E. Summary

III. PRESENTATION

The following is a suggested approach for you to follow in giving your presentation covering the subject of non-verbal communication. Included are information for your preparation, suggested activities to use with your group, and estimated time requirements for each section.

We strongly suggest that you follow this outline the first time you make this presentation. This outline has been field tested and we have found that it works. Since there are a number of ways to achieve the same goals, when you evaluate your first presentation, look for ways that you could change the activities to improve your performance and that of your group. Your objective should be to tailor your presentation to the unique characteristics of your group.

The first column, "Notes on Activities," indicates the part of the background material to be reviewed. It also gives you some basic instructions for preparing the activity.

The "Time" column indicates approximately how many minutes might be spent on that particular activity in order to cover all of the material in sixty minutes. It is very easy to "run too long." To cover this material in sixty minutes, pay close attention to this column. Do not exceed the time limit for one activity unless you take equal time from another part. You may have to cut off discussion to keep your presentation within the one-hour time limit.

The "Activity" column suggests activities for meeting the objectives of introducing non-verbal communication to your counselors. These are just suggestions, but you are urged to plan ahead what you are going to do and how you are going to do it.

Goal:	To introduce non-verbal communication.
Group Size:	Unlimited number of pairs. (Group will be broken into pairs.)
Time Required:	60 minutes.
Materials Utilized:	1. Chalkboard or flip chart (large enough to use with your group size. 2. "Situation Sheets" A and B (enough of each for 1/2 of your group). 3. "Behavior Checklist" (two for each member).
Physical Setting:	Pairs will need to separate from one another far enough to avoid outside noise interference.

Notes on Activities	Time	Activity
This introduction to non-verbal communication will in effect be a <u>demonstration</u> by you. You may feel a little silly doing it this way, but that's okay. By being the "example" right from the beginning, you will be putting the rest of the group at ease. Read introduction and practice this non-verbal introduction before a mirror. <u>Exaggerate</u> your <u>movements</u> and <u>facial expressions</u> so they will be obvious to <u>all</u> there.	3	Begin your "presentation" from a standing position and quickly move to a chair and take a seat facing the group. As you move to the chair say, "I guess you're wondering why we are gathered here today. Well, (sigh) we are going to talk about non-verbal behavior, especially as it relates to our clients. Be especially aware of what I'm saying and <u>how</u> I'm saying it during the next couple of minutes. (Lean back in the chair and stretch and yawn, then sit back up and continue.) "I am really looking forward to this time together." (Look over the heads of the group or at the ceiling while saying this.) "We all know that our clients tell us about their problems with their words." (Cross legs.) "Their problems really are quite personal in nature for many of them." (Cross arms tightly as well as legs.) "It is up to us to help them feel comfortable and at ease as they open up their personal lives." (Roll forward into a little ball with arms and legs still crossed.) "We need to be aware of all the facts they tell us about how they manage their money." (Lower voice.) "What life style they live." (Begin to "uncoil" and begin to shift legs from crossed over one to the other and back, etc.) "Now these facts are only a part of what they will be telling us. They will tell us more of their feelings through their "body language," that is non-verbally. And today (voice gets louder) I want us (louder) to begin to look at (louder) these non-verbal messages (LOUDER) and I want everyone here to relax (strike the desk and shout "relax") and enjoy themselves." (Dramatically softer, pleading.) "Okay?"
Read Section A. Be familiar with <u>outline</u> of this material. See outline of presentation material. Have available materials for writing the responses of the group (e.g.	5	"To begin with, what has just happened? What were some of my 'non-verbal' actions?"

Notes on Activities	Time	Activity
chalkboard or flip chart). Hopefully a number of hands will go up as they begin to tell you some of the non-verbal actions you have just done for them. Check them off from this list of the ones you have done to see which were "picked up on." Body: Position Movement - gestures - facial expression - eye contact Voice: Tone Pitch Have a member list them on a board or flip chart. After they are listed, label them body or voice and begin to place them into the major sections of the outline in Section II to show how there are two major sources of non-verbal communication.		
Read Section C in Background Material for your own preparation. Again, list these, maybe write the "messages" beside the behavior. Or write the "messages" separately and then ask for behaviors which communicate this "message". When this has been completed, stress the fact that...	5 1	"Now that you have identified my actions, let's look at what meaning you have gotten from them. What messages did you receive from my actions?" "All non-verbal behaviors are just clues. You can never assume you know exactly what these actions mean without checking them out with the client." Pick one of the behaviors, like the crossed arms, and ask for alternative interpretations

Notes on Activities	Time	Activity
		for this behavior. For example, the crossed arms could mean the client is cold. Or the crossed legs could mean that the client is just more comfortable sitting in this manner. This is why the non-verbal "clues" must be seen in light of each other and the verbal message.
Be sure you have reviewed Section B on Congruence. Explain a little about congruence at this point, stressing that this is one important use of non-verbal behavior. When words and actions don't give the same message, then congruence is absent.	3	Ask, "Did you get mixed messages when I said I want everyone here to relax and at the same time I hit the table? What would have been a clearer way for me to get everyone to relax?"
Have available the "Situation A" sheet and the "Behavior Checklist," enough for the entire group.	3	At this point say, "Now we're going to have a chance to practice with each other observing non-verbal behavior. We will do this by role playing. Pair up with someone and arrange your chairs so you are facing your partner. One of you will be the counselor and the other will be the client. You decide which is which."
Distribute copies of the "Situation" sheet found at the end of this unit to the ones who will be the "client." Read the instructions to the clients. Do not read the situation. "Situation A": "There are so many things that I want to buy for my children, but I can't. This budget you've got me on doesn't give me enough money. You'll just have to change it."	1	"'Clients,' these are your instructions. You are to try to give a number of non-verbal cues that might help you get your 'message' across. They do not have to be congruent. For instance, you might smile broadly as you make the statement on your situation sheet."

Notes on Activities	Time	Activity
Distribute to the other member of the pair, the counselors, the "Behavior Checklist." This "checklist" is also found at the end of this unit.	1	Instruct them by saying, "The counselor's role is to 'counsel' his 'client' and be aware of the non-verbal behavior of the 'client.' Do not call attention to or interpret it at this time. This will take place in the discussion period to follow. Just try to be aware of your 'client's' non-verbal behavior as you go about 'counseling'."
	5	"'Counselor,' when you have finished the three minutes of counseling, take the next couple of minutes to write down the non-verbal behavior you observed on the checklist. Any questions? If not, begin your 'counseling' session."
	5	After three minutes for the verbal counseling and two minutes for writing it up (5 minutes total), say "Now you have five minutes to discuss with each other the observed behavior and possible meanings. Again, remember, you can never assume you know what a certain behavior means. Check it out!"
Reverse the process now with the "client" becoming the "counselor", etc. for the following Situation B: "We really don't have any money problems. My wife/husband wanted me to come here because the bill collectors call him/her and she/he didn't want to be bothered with them."	2	"We are going to reverse the roles with the 'counselor' becoming the client'." Again, hand out "Situation sheet" B and the "Behavior Checklist." Read the instructions for each role in Situation B.
	1	"'Clients', these are your instructions. You are to try to give a number of non-verbal clues that might help you to get your 'message' across, but you might try to make the message incongruent."
Give them five minutes in a counseling session (three minutes for counseling and two for writing it up), and five minutes for discussion.	1	Instruct your "counselors" by saying, "The counselor's role is to 'counsel' his 'client' and be aware of the non-verbal behavior of the 'client.' Do not call attention to or interpret it at this time. Just try to be aware of your 'client's' non-verbal behavior as you go about 'counseling'."
	1	"'Counselor', when you have finished the three minutes of counseling, take the next couple of minutes to write down the

Notes on Activities	Time	Activity
		non-verbal behavior you observed on the checklist."
	3	"Any questions? If not, begin your 'counseling' session."
	2	After three minutes state: "Counselor, begin to write up your observations."
	5	After two minutes for writing up the behavior observed state: "Now you have 5 minutes to discuss with each other the observed behavior and possible meaning. Again, remember, you can never assume you know what a certain behavior means. Check it out!"
Then bring the group back together for a summary period. Ask for reports of what kinds of behavior were observed and what they "meant" for the client. List these as you did those from your own demonstration.	3	After 5 minutes have elapsed, state "Now, let's gather back into a larger group for some feedback on what has just happened. First, what kinds of behaviors were observed and what did they mean to the client?"
Some examples of responses might be stiff, unnatural, like I couldn't pay attention to what was said. Help them see that this will come more naturally as they get more practice.	2	"What kinds of feelings did you have as the 'counselor'?"
Be sure to have reviewed Section E on the counselor's non-verbal behavior.	2	Ask, "What feelings did you get as a client?" (Did the non-verbal behavior of the counselor have any effect on you as the "client"?) Stress that the behavior of the counselor does have an effect on the client. Therefore, it is important to be aware of one's own actions during a counseling session. Those actions can give you clues as to what is going on with you in that situation.

Notes on Activities	Time	Activity
Review the outline of background material.	3	"As a part of a review of what we have covered today, name the elements of the two main sources of non-verbal behavior, body and voice." Name three other elements of non-verbal behavior which are important. Namely, (1) congruence, (2) interpretation of the meaning (never assume you know the meaning of the behavior); and (3) the effect of the counselor's behavior." Finally, "In what way does what we have talked about today relate to financial counseling?"
Summary Statement by leader:		"Today we have seen demonstrations of some non-verbal behaviors, and have discussed what meaning they might have. We have practiced observing non-verbal behavior in a practice counseling session and have observed that the counselor's behavior can have an influence on the client. And we have reviewed the different elements of non-verbal behavior. With practice, we can now put this knowledge to effective use in our counseling."

SITUATION A

Instructions: Client, you are to try to give a number of non-verbal cues that might help you get your message across to the counselor. But it does not have to be congruent. For instance, you might smile broadly as you convey the statement below.

Situation: This is your third session and you have been given the assignment of using the budget worked out with your counselor for the past two weeks. Your beginning statement might be:

> "There are so many things that I want to buy for my children, but I can't. This budget you've got me on doesn't give me enough money. You'll just have to change it."

SITUATION B

Instructions: Client, you are to try to give a number of non-verbal cues that might help you get your "message" across but which might not be congruent. It is up to you what to do. An example might be for you to use a broad smile and a cheerful tone of voice as you make your statements. Or you might present the situation in a very angry tone of voice as if you are going to leave the "office" at any moment.

Situation: This is your first session with your counselor. Your beginning statement might be something like this:

> "We don't really have any money problems. My wife/husband wanted me to come here because the bill collectors call her/him and she/he doesn't want to be bothered by them."

Behavior Checklist

For each category of non-verbal behavior below, describe what you notice about your role-playing "client".

I. Body Position

a. Posture

b. Arms and Legs

c. Feet and Legs

II. Body Movement

a. Facial Expressions

b. Gestures

c. Eye Contact

d. Feet and Legs

e. Overall Movements

III. Voice Tone

IV. Voice Pitch

V. Other Behaviors

IV. FURTHER SUGGESTIONS

The following are some additional suggestions of methods to use in the preceding activity.

A. Have two people role play a counseling situation in front of the group. The rest of the group would be observers with "Behavior Checklists." Repeat with a second couple. Then have the entire group discuss what non-verbal behaviors they observed.

   You might want to have the couples rehearse the role play for several days prior to the session. This would allow the "players" to feel more "natural" in the role play.

B. If you have access to videotape equipment, it could be helpful to have several actual counseling sessions on tape to use as examples. The learning level would be greater for the counselors if this could be done. You could stop the tape at each non-verbal cue and discuss what some possible integrations are.

   This process of viewing videotapes of counseling sessions might be a valuable way of continually examining one's counseling skills in any of the areas covered in this manual.

   Videotape is <u>the best possible</u> means for counselors to become aware of their own non-verbal behaviors. If you can get access to videotape equipment, we strongly encourage you to use it.

Unit 2

ACTIVE LISTENING

Introduction

This unit discusses Active Listening. It is designed to provide you, the leader, with: I, some background material on active listening; II, a suggested outline for presentation material; III, a suggested group experience to involve those you are instructing; IV, some suggestions for further development and optional materials for your use. It is suggested that this unit be treated in conjunction with the next unit on Clarifying Clients' Statements. These two aspects are closely related to each other and make up a complete picture when seen together rather than separately. Therefore, it is our suggestion that you present these two on the same day or in the same week, or at least in successive sessions.

I. BACKGROUND MATERIAL

It may seem very simple to state that a financial counselor must listen carefully to what a client says in order to discover the nature of the client's problem. As obvious as this may seem, the beginning counselor will usually not know how to actively listen. For counselors, listening is an activity--a skill that is worked at because it is one of the most important basic skills for a counselor to have.

Active listening is in reality listening to the total message from the client with all of one's concentration and attention. What we so often call active listening is just passive listening. In order to really understand the skill of active listening we must first understand the difference between active and passive listening.

A. Active and Passive Listening

1. Passive Listening

Passive listening is conversational listening. One example of this occurs at parties or other social gatherings. In this setting, small groups of people talk together. The listeners in the group usually listen just long enough to determine the subject of discussion. Then they "turn off" the other voices and prepare what they can add to the conversation. Often these "listeners" are so busy preparing what they want to say, or looking for a chance to break in and say it, that they don't even hear what the speaker is saying. At parties you will often find two or three people talking at once in a group of six people.

Another example of passive listening occurs when people listen to the radio, to TV, to lectures, or to sermons. In this setting, the words of the speaker flow by the listener, who may or may not pay attention to them. The amount of information that the listener retains is usually determined by how much interest the listener has in the subject. It is easy in this

setting to daydream or to think about other things while "half-hearing" the speaker.

2. Active Listening

Active listening is much different from passive listening. When you actively listen to what someone says, you give them your undivided attention. You concentrate on what they are saying. You search through the words and ideas that the speaker is telling you. While you are doing this, you are also listening like a detective. You note items of information that relate to the client's financial situation. You also search for clues that help you to find out "Why is the client telling me this (and not something else)?", "What does this mean to the client?", "Is there something they're not telling me?" When a counselor listens to a client, it is assumed that everything the client says is of interest to the counselor. The counselor actively searches through the client's words to gain information and insight into the problems of the client and into how the client views these problems. Careful listening helps the financial counselor to:

- determine why the client sought counseling
- discover how severe the problem is
- determine if the client is serious
- determine if the counselor can help this client
- evaluate the client's level of understanding of the problem
- discover information about this unique client
- discover indications of any non-financial client problems

The counselor may at times be confused by what the client says, or may interpret what is said differently from the client. The counselor may wish to repeat back what was heard. This can ensure that the counselor understands clearly what was said and/or what was meant by the client. This skill, clarification, is presented in another unit.

The financial counselor will find that although all clients have in common some type of financial problem, each client will be unique and different. To effectively assist any one client it is necessary to understand as much as possible about that client's education, skill level and problem solving ability. For example, sending clients home with instructions to balance their checking account is not very effective if the clients don't know how to do it. Sending clients home to prepare a budget is useless if they don't know how to make a budget. Recommending that clients do some comparative shopping for value is not effective if they don't know what comparing prices is, or don't have the math skills required to do it.

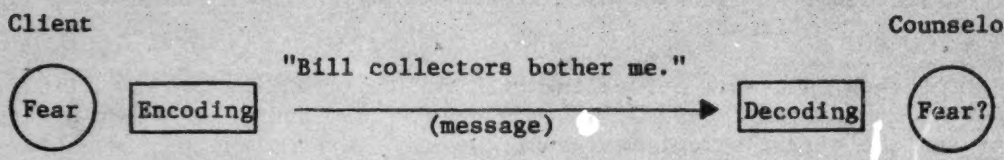
It is also helpful for the financial counselor to understand some of the client's personal history, especially those aspects that are related to the client's value and use of money. Clients learn how to manage (or not manage) their money from parents, from advertising and from many other sources. Listening for clues about how clients learned to use their money helps the counselor to see how the clients got into financial trouble.

These insights may be helpful in showing clients some ways they can better manage their money to get themselves out of financial difficulties.

Specific knowledge of spending patterns or habits is also useful to the counselor. Does this client buy unneeded items when depressed? Is that client an impulse buyer? Does this couple use a shopping list for groceries or do they buy whatever they want on a day-to-day basis? The counselor may discover wasteful spending habits that must be changed before the clients can expect to improve their financial situation.

A wealth of information is found in what the client says. By listening carefully, a financial counselor can learn to recognize more of the valuable information that the client reveals while talking with the counselor.

Another way of looking at active listening is to see it in terms of the following diagram.



The client has a message that he is sending to the counselor. This message is sent in terms of a "code," that is, words, actions, tone of voice, etc. That "code" then has to be decoded by the counselor if he is to receive the whole message. The message is not only words or cognitive elements but also includes feelings or affective elements. Both of these elements will have to be "decoded" accurately in order for the message to be received accurately. The problem comes in that the only way a person can know if he has decoded the message accurately is if he checks it out with the client. (This checking-out process is covered in the next unit, Clarifying Clients' Statements. This is why we strongly suggest that these two units be treated together.) An example of this process follows.

The client has a fear of being exposed as one who does not pay one's bills, a "deadbeat." When talking with the counselor, the client says "Bill collectors bother me!" When making the statement, the client has a nervousness in the voice and slight quiver of the lips. The client's legs are crossed tightly and arms are folded across the chest.

Now this could be received, if only the words were dealt with, as saying "Bill collectors are a real bother." But when one hears the <u>total</u> message it would be easier to receive the feeling of <u>fear</u> coming from the client. To be sure this was what the client was sending the counselor could ask, "Bill collectors are a nuisance to you?" The client would then have the opportunity to clarify his/her feelings, which were not correctly decoded by the counselor.

B. Using Cognitive and Affective Elements

The financial counselor should actively listen to the total message that comes from the client. This active listening involves giving full and undivided attention to the client. One must concentrate on both what the client says and how the client says it. One must pay attention to both the cognitive elements and the affective elements. It will take some searching through what is said to discover the total message coming from the client.

There are two categories of information that the financial counselor is seeking--cognitive and affective elements. Cognitive elements are those that are rational or facts. Affective elements are indications of feelings or emotions. Put very simply:

cognitive = what was said

affective = how it was said, or how the client feels about what is said

The rest of this unit will be dealing with how to recognize the cognitive elements of concern expressed by clients--the facts about the client's situation--and the client's feelings about these concerns.

1. Cognitive Elements

The financial counselor must be attentive to discover cognitive elements which are represented by the "client's thoughts or ideas dealing with events, people or things." (Hackney and Nye, 1973, p. 52). Cognitive elements are facts, descriptions of events, or the thoughts that the client has concerning those facts and events. Cognitive elements usually have key words or phrases which indicate their presence. There is a class of verbs that is considered cognitive verbs; what follows after these words is usually a cognitive element.

a. Cognitive Cues

Some examples of these cognitive verbs are:

Examples

- *I bought*
- *I saw*
- *I went*
- *I think*
- *I hope*
- *I spent*
- *I heard*
- *I said*

What follows these key words will be a cognitive fact or thought. Examples of these cognitive elements (facts, ideas or thoughts) are:

Examples

- *He bought a new car.*
- *I saw a sale at the art mart.*
- *We went to the bank for a loan.*
- *She spent the grocery money on a new coat.*
- *I feel like this budget won't work.*

This last example using the word "feel" is one to note carefully. You might expect "feel" or "felt" to indicate a feeling or emotion of the client. This is often not the case. The word "feel" in today's language is often used to replace the word "think." When the word "feel" is used to mean "think" it keys a cognitive element. Examples of this are:

Examples

- *I feel that she charges too many clothes.*
- *We felt that the salesman lied to us.*
- *He felt that the bill collector was rude.*
- *We feel like our only way out is bankruptcy.*
- *I feel that I don't owe that bill.*

Cognitive elements are what happened, how it happened, why it happened, where it happened or when it happened. They are events and the thoughts or ideas about those events. Cognitive elements are facts and the mental thoughts about those facts. By examining the facts and then looking at how the client thinks about those facts, the financial counselor can discover a great deal about how the client thinks and the client's approach to life.

b. Cognitive Elements and the Values of the Client

Some of the cognitive things that clients reveal will tell the counselor a great deal about their attitudes, beliefs and values. Often it is these basic attitudes, beliefs and values towards money, material possessions, themselves and other people that lead to destructive ways of managing money.

Clients may believe that anyone who drives an old car is not as good as someone who drives a new car. They may put a higher value on being well dressed than on having friends. They may think that budgeting is a waste of time because one can't predict the future, and the budget won't work perfectly when unexpected expenses occur. Clients may believe that "God will provide" so they shouldn't worry about money matters. A financial counselor may often find it necessary to help the clients to re-examine their basic beliefs before it is possible for them to "balance the books." In the following example you can see how the counselor uses facts about the client's thoughts to learn more about the client.

Example

Bill has a new car and is unable to keep up the payments.

Counselor: *Bill, why did you get that new car?*

1. Client: *Well, the old car was getting pretty shabby.*
(Client values appearance)

2. Client: *It was priced so low I couldn't afford to let it slip by.*
(False economy)

3. Client: *Joan always wanted to have a new car.*
(Client feels obligation to wife)

4. Client: *The old car kept breaking down.*
(Client thinks new cars cost less to own and maintain)

5. Client: *Are you kidding? We live in Westwood. You can't get away with driving an old car around there.*
(Client feels social pressure)

6. Client: *I don't know. The salesman talked me into it.*
(Client thinks "It's the salesman's fault.")

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2. Affective Elements of Client Concern

Affective elements are those parts of client statements that reveal how the client feels. They indicate emotions and emotional responses to the cognitive elements. The financial counselor must become aware of these elements of feeling as well as the facts involved in a case. Hackney and Nye (1973) separate feeling states into three categories: Affection, Anger, and Fear. Following are lists of cue words for each of these states.

a. Affection Cues

AFFECTION. Word cues that communicate the general feeling of affection may be subclassified into five general areas. Some examples of these word cues are:

Enjoyment	*Competence*	*Love*	*Happiness*	*Hope*
beautiful	*able*	*close*	*cheerful*	*luck*
enjoy	*can*	*friendly*	*content*	*optimism*
good	*fulfill*	*love*	*delighted*	*try*
nice	*smart*	*like*	*excited*	*guess*
pretty	*respect*	*care*	*happy*	*wish*
satisfy	*worth*		*laugh(ed)*	*want*

b. Anger Cues

ANGER. Verbal cues which suggest anger may be classified into four general categories. These are:

Aggression	*Dislike*	*Defensiveness*	*Argumentativeness*
argue	*hate*	*against*	*angry*
attack	*nasty*	*protect*	*fight*
compete	*disgust*	*resent*	*quarrel*
criticize	*surly*	*guard*	*argue*
fight	*serious*	*prepared*	*take issue*
hit			*reject*
hurt			*disagree*
offend			

c. Fear Cues

FEAR. Verbal cues that suggest fear may be classified into five general categories. These are:

Fear	*Doubt*	*Sadness*	*Pain*	*Avoidance*
anxious	*failure*	*alone*	*awful*	*flee*
bothers	*flunk*	*depressed*	*hurts*	*run from*
concerns	*undecided*	*discouraged*	*unpleasant*	*escape*
lonely	*mediocre*	*sad*	*uncomfortable*	*cut out*
nervous	*moody*	*tired*	*aches*	*forget*
scared	*puzzled*	*unhappy*	*torn*	*avoid*
tense	*stupid*			*ignore*
upset	*unsure*			

(Adapted from Hackney, H. and S. Nye, Counseling Strategies and Objectives. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1973, pp. 70, 72, 74.)

d. "Hearing" these Feelings

When a client uses the types of words like those above, it gives clues to the counselor of how the client is feeling. When a client consistently uses words from one of these categories, it usually indicates that the client's feelings are centered in that feeling state. For example, the client who says she is anxious, lonely, tense, scared, sad, moody, forgets, hurt, stupid, etc. is using terms all out of the Fear category. She is probably living her life in a state of fear. This may indicate a basic lack of self-respect, a poor self-image, and low self-worth.

When people are stuck in this kind of feeling state, they may not value themselves or their skills and abilities. They may deny the skills that they have or be afraid to use their skills to help themselves out of their financial mess. The counselor must be aware of these kinds of problems that can occur in counseling and match the type of rehabilitative program to the needs of the client. The type of client mentioned above--fearful and with low self-esteem--does best when the counselor gives a great deal of positive encouragement and support, and comments on any positive actions that the client takes.

Another type of client could be classified as an "angry" client. This person may spend a lot of his time feeling anger, and acting out his angry feelings toward the world. With this type of client, the counselor must attempt to get the client to see that anger does not solve problems. The counselor may point out that to get his financial situation back in order, this client must take some of the time and energy that is being used up in anger and apply it toward problem solving.

The specific words that a client uses will usually give a financial counselor some good clues about how the client is feeling. Earlier it was stated that people often monitor their thoughts and what they say, but that they usually aren't aware of what their body language says. Word choice often gives the same kind of "honest" clues to a counselor.

People will usually be selective in what they tell a financial counselor. They will present the thoughts and ideas that they want the counselor to know. While they "edit" the overall ideas, people rarely prepare in advance which words they will use in their statements. By paying close attention to the words people use as well as the facts they state, the counselor may learn a great deal about the client.

For example, three couples may disagree, argue, or fight about money. The idea is the same but the emotions expressed are different in degree. One client may be concerned, one irritated, one upset, and another fighting mad about similar situations. There is a difference. By paying close attention to a client's choice of words and to the feelings associated with the words, a skillful financial counselor can discover far more information in what a client says than would be discovered by a passive listener at a dinner party. This kind of information about the client's feelings is used by a skillful counselor as a valuable part of the process of counseling.

Information discovered in this way may not ever be found in the cognitive thoughts of the client. By paying close attention to affective word cues of clients, skillful counselors greatly increase the amount of information they can discover in interviews with clients. And they can uncover client feelings without asking embarrassing probing questions that may cause the client to become nervous or anxious. The counselor can thus avoid most of the situations in financial counseling where an irritated client says "Hey! I came here to get my money situation straightened out, not to see a psychiatrist!"

C. Using Cognitive and Affective Elements

Now that you can recognize cognitive and affective elements in client statements, how do you use them? What good are they? First, these statements can help the counselor to determine what procedures to use with a certain client. Second, careful attention to these elements may help the counselor to recognize problems that may arise in the counseling relationship.

1. What One can Learn from Cognitive Clues

Let's look at the case of John Dough. John has come to you with such a pile of debts that he can no longer make the payments. He relates the following information to you.

1. When John went to buy his new car, the salesman told him that the payments on the base price car would be $124. That sounded really good so he signed a contract. Then he added a V-8 engine, automatic transmission, air conditioning, radial tires, AM-FM stereo radio and tape player and the "appearance group." That, plus insurance, raised the payments to $214. John blames the salesman; according to John, *"It's not my fault the salesman didn't tell me that extra equipment would raise the payments!"*

2. John has many charge accounts. Says he, *"It's all Mary's* (his wife) *fault. She runs those accounts up as if I were made of money."*

3. The Dough children each have their own TV set and stereo, and most everything else they want. John maintains, *"It's not my fault. You just can't satisfy these kids today. And they just won't take 'no' for an answer."*

4. John went to the bank for a consolidation loan. They turned him down. According to him, *"It's all their fault. If they had given me that loan we wouldn't be in this mess."*

What do these cognitive facts tell the financial counselor about the type of counseling relationship that is likely to develop with John Dough? First of all, you can expect that whatever happens, it's not going to be John's fault. He has given you plenty of indications that he does not take the responsibility for anything that happens (to him). Second, don't count too much on John cutting back on expenses. He says that others won't take "no" for an answer, but he means he won't give "no" for an answer. After all, if it's not going to be his fault, why should he say no? Lastly, what do you think will happen when the budget or repayment plan that you (remember, it's not his fault) set up fails? It will indeed be your fault for not anticipating extra expenses.

As a financial counselor, where do you start with John Dough? If you start out with a fixed budget and a fixed debt repayment plan, IT REALLY WON'T BE HIS FAULT. It is up to you, the counselor, to recognize John Dough's pattern and to make sure that you have made him aware of his responsibility to develop and carry through a rehabilitative plan before you enter into a contract with him. If you don't bring him to the point of being responsible for, and committed to, a plan, he will be right--"It's all your fault."

2. Who is Responsible for Success in Counseling?

This example brings up an important question: Whose responsibility is it to make sure that a client does the necessary things to solve the financial problems? Who is responsible to see that the counseling works? To answer this question, let's look more closely at what a counselor does. A counselor counsels, which according to the dictionary, is "an exchanging of opinions and ideas" or giving "advice or guidance." (American Heritage Dictionary of the English Language, 1975).

The financial counselor is thus responsible for giving advice and guidance to clients on how to solve their financial problems. But, like the old saying goes, "you can lead a horse to water, but you can't make it drink." Likewise, a counselor has no authority to demand that clients follow the advice that is given.

Most counselors present to their clients an attitude of "I will help you do it." It is important that they present it to the clients in reverse as well: "You do it, I will help." It is the client who is responsible to do the things necessary to solve the financial problem. If the client won't do these things, all the "help" in the world makes no difference in terms of the final result. The client is thus responsible for the success of a program if the advice and guidance by the counselor has been proper. You can set up new budgets, but you can't spend your clients' money for them.

3. What Can be Learned from Affective Cues?

Now let's look at another case, that of Judy Dettor, to see what things can be learned from affective word cues. Judy, a college graduate, works as a salesperson in a department store, for which she is paid very little. She was hired as a "management trainee" but somehow promotions never seem to have come her way. She lives alone and admits that she is often

depressed and lonely. Her reaction to depression is to go out and buy something special for herself--a new dress, shoes, a fur coat, jewelry, etc. She has charge accounts at every store in town and is past due in payments to all except the store where she works.

Some of the things Judy tells you are:

"I'm really scared about what the bill collectors will do."

"I'm really dumb when it comes to money."

"I'm really tired after work, so I just watch TV and go to bed."

"I resent my boss not giving me a promotion."

"I just want to move to another state and forget about all these bills."

"I just can't deal with this pressure anymore."

"I get upset every day with the mail--it's nothing but bills."

"It's just awful what those bill collectors say to me."

"It really hurts to be treated like a deadbeat."

Let's take a close look at the affective word cues that this client is giving to the counselor: depressed, lonely, scared, dumb, tired, resent, move, forget, can't deal with, pressure, upset, awful, hurts. If you look back at the lists of affective word cues, you will see that most of these words can be found under fear, others under anger. This client is telling you that she is afraid of life and of interacting with her world, and that she's angry at her inability to cope more successfully. What will happen if a financial counselor attempts to put this client on a strict budget and a structured debt repayment program?

Consider that this woman has told you in her own way that the only enjoyable activity she has is buying things for herself. If you remove this activity from her life, you have taken away the only source of satisfaction that she now has. Knowing this, can you expect this client to successfully cope with a repayment plan? The chance of success is very small indeed. What does a financial counselor do with this client?

First, it would be appropriate to discuss her loneliness and lack of activities. You could point out that for the price of one shopping spree, she could have a year's membership in the YWCA. In most areas YWCA's have many sports and social activities, classes, hobby and crafts instruction, and opportunities to meet people and make friends. Church groups have many social activities. Colleges and universities have many activities open to non-students.

Second, if she resists these suggestions, you might encourage her to seek personal counseling at a social service agency or through a women's group. She could be encouraged to take part in assertiveness training to help her deal with her boss and her creditors. At the very least, the counselor should discuss with this woman how she will cope when her only enjoyable activity--shopping--is no longer possible.

A financial counselor should be familiar with places in the community to refer clients who have other-than-financial needs and problems. The counselor should make referrals when appropriate and follow up to determine the client's progress. This type of client may benefit a great deal from personal counseling or psychological support.

Debts do not just happen. People don't just wake up one morning and find themselves having debt problems. Debts are a result of attitudes and values towards money, oneself and life, and of spending habits and patterns. By applying the skill of active listening, by uncovering <u>cognitive</u> and <u>affective</u> information about a client, a financial counselor can discover these attitudes, values, habits and patterns. It is just as important that a financial counselor confront these issues as it is to "balance the budget."

If the only task required in financial counseling were to get income, expense and debt figures and then prepare a budget and a repayment plan, it could easily be done by a computer. Forms could be used to get the figures, and a counselor would not be needed. Clients have a right to expect that when they go to a financial <u>COUNSELOR</u> for help, they will get some counseling. A person who only adjusts debts is a Debt Adjuster, regardless of where he or she works.

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II. CONCEPTUAL OUTLINE OF CONTENT MATERIAL

A. Active and Passive Listening

1. Passive Listening - conversational listening, non-involved.
2. Active Listening - concentrating on total message of the client.

B. Cognitive and Affective Elements of Client Concern

1. Cognitive Elements - what is said.
   a. Cognitive Cues - facts, ideas, thoughts
   b. Cognitive Elements and Values of the Client
      - one can tell a great deal about client's attitudes, beliefs, and values.

2. Affective Elements - how it was said, feelings.
   a. Affection Cues -
      - include areas of enjoyment, competence, love, happiness, hope
   b. Anger Cues -
      - include areas of aggression, dislike, defensiveness, argumentativeness
   c. Fear Cues -
      - include areas of fear, doubt, sadness, pain, avoidance
   d. Hearing these Feelings -
      - identifying the "feeling state" of the client helps the counselor better understand the problem from the client's perspective.

C. Using Cognitive and Affective Elements

1. What can be learned from Cognitive Cues?
   - The value system of the client and the way the client will approach their problem can be discovered from cognitive cues.

2. Who is responsible for success of counseling?
   - Ultimately it is the client. The counselor has no authority to demand that the client follow the advice that is given.

3. What can be learned from Affective Cues?
   - The client's emotional state at that time. There may be a need to refer the client for personal counseling.
   - The client's self-view.
   - The client's feeling about the problem. How serious is the client about solving the problem?

III. SUGGESTED EXPERIENCE (Active Listening)

Goal: To understand the necessity of actively listening to each other with comprehension as opposed to merely hearing words.
To give opportunity to practice this skill.

Group Size: Unlimited number of triads (break group into threes).

Time Required: 60 minutes.

Materials Utilized:

1. "Topics for Discussion" sheets for each triad (or person). Photocopy masters at end of unit.
2. "Questions for Discussion" sheets for each triad (or person). Photocopy master at end of unit.
3. "Cognitive and Affective Cues" sheets for each participant. Photocopy master at end of unit.
4. Chalkboard or newsprint.

Physical Setting: Triads will separate from one another to avoid outside noise interference. Therefore, provide a space large enough for your group size. They might be able to go to different offices in the same area or spill out into the hall.

Process:

Notes on Activities	Time	Activity
Before you begin, check to see that you have all the materials listed above prepared and space available for the small groups to meet.	3	Begin by stating: "One of the most important elements of the counseling process is that of listening. Total (or active) listening is not automatic [illegible] rather a skill that must be developed. Most of us hear only a small part [illegible] what others are telling us. We are too busy preparing what we will say next ourselves, or thinking about what is going on at home, or some other matter. But for the counselor to be able to help the client effectively, the counselor must concentrate on the total message of the client." This latter type of listening is called Active Listening as opposed to the first

Notes on Activities	Time	Activity
		type being Passive Listening.
Review Section A.		Passive listening is defined as "conversational listening." What the speaker is saying is only partly heard. The total message does not reach the listener. In active listening you give the speaker your undivided attention. You concentrate on what they are saying. You search through the words, the ideas and the feelings in order to get the whole message.
	3	Can you think of some examples of Passive Listening? Can you remember some instance when someone else was listening to you passively? Only hearing a part of your message? How did you feel? (After 2 or 3 examples, continue.)
	3	Can you remember any times when you were really being heard? When someone was giving you their total attention? Do you remember how you felt? (After 2 or 3 examples, continue.)
List these seven on the board or flip chart as you go along. Or have them already listed and point each one out as you go along.	3	There are at least seven products of active listening for the financial counselor. They help the counselor: 1. determine why the client sought counseling 2. discover how severe the problem is 3. determine if the client is serious 4. determine if the counselor can help this client 5. evaluate the client's level of understanding of the problem 6. discover information about this unique client 7. discover indications of any non-financial client problems
Have ready the sheets listing examples of "Cognitive and Active Cues." Review Section B.1.		There are cognitive and affective elements to all of the messages we send. Active listening is hearing both of these. The financial counselor needs to be aware of both elements of the client's messages in order to understand the feeling connected with the client's problem. Let's look at some ways we can hear more of the total

Notes on Activities	Time	Activity
		message of our clients. (Hand out the sheets with examples of Cognitive and Affective Cues.) As you look at some of the examples of cognitive cues on your sheets, be aware of words that will help you recognize the cognitive elements of clients' statements. These are the actual facts, or what is said by the client. They deal with events, people, or things. For example, "He bought a new car." The cognitive cue is bought. And what follows is a cognitive element: "a new car." Another example is, "I saw a sale at the art mart." "I saw" is the cognitive cue that the rest of the sentence is a cognitive element or description of an event. Cognitive Elements are what happened, how it happened, or when it happened. By examining these elements, one can begin to see the client's values or beliefs. Often it is these basic attitudes, values and beliefs toward money, material possession or themselves that lead to destructive ways of managing money. In the examples above, the client definitely has an appreciation and interest in art. There is a good chance that he/she would put a value on that type of investment. This client might even put this type of investment ahead of meeting other financial obligations. Therefore, the counselor has some insight into the possible values of this client that could be checked out.
Review Section B.2.		Affective Elements of a client's statements are those elements that reveal how the client feels. They indicate emotions and emotional responses to the cognitive elements. To hear the total message of the client, they must also become aware of those elements of feeling.
List the three categories on the board or flip chart.		Listed on your sheets are some cues to the three main emotion categories, Affection, Anger, and Fear. Let's look at these [illegible]ether. Can you think of some [illegible]nts that would fit under the category of Affection, using one of the cues

Notes on Activities	Time	Activity
		listed here? (After 2 or 3 minutes, continue.)
The ease with which responses come can give you some indication of the people's understanding of this concept.	3	"How about examples using anger cues?" (After 2 or 3, go on.) "What about some examples using fear cues?" (After 2 or 3, go on.)
		One helpful point to be aware of is that repeated use of certain types of words can be an indicator of the values and feeling level of the client.
	2	"Now let's take time for any questions."
Have Topics for Discussion sheets available.	5	"Let's divide into groups of three and in each group lable yourselves A, B, or C." (If one or two are left over, have them observe another group or form a group of 2 with one person taking both "listening" roles.)
Hand out the Topics for Discussion sheets.		In each group, one person will be the "speaker" and the other two will be "listeners" in a discussion of one of the topics found on the sheet being handed out.
		Participant "A" will begin as the "speaker." You will choose the topic you want to discuss from the list of suggestions or choose any other topic you desire. Participant "B" will start as a "listener" who listens for the cognitive elements in the statements of the speaker. Participant "C" will begin as a "listener," listening for affective elements in the statements of the speaker.
		There are the directions for the discussion: A (the "speaker") carries on a monologue on the chosen topic. After each statement that A makes, B and/or C summarize(s) the cognitive and/or affective content. A then agrees, disagrees or clarifies the statements made by B and/or C. At that time, A continues with talk about the same topic.
	7	"Are there any questions about your roles?"

Notes on Activities	Time	Activity
		If there are no questions, the "speakers" begin the discussion.
	7	(After about 7 minutes of discussion by the "speakers" and "listeners" then roles will change.) Now you will change roles so you can experience other aspects of the discussion. Participant "B" will become the "speaker," participant "C" becomes the cognitive element "listener," and participant "A" becomes the affective element listener. Are there any questions? If not, "speakers" begin the discussion on any topic of your choice.
		(After 7 minutes change roles again.) We are going to change roles one more time. This time, "C" becomes the "speaker", "A" becomes the cognitive element listener, and "B" becomes the affective element listener. Again, "speakers" start the discussion on any topic of your choice.
	7	(After another 7 minutes, the discussions are stopped. This last discussion may be omitted if time is a problem.) "Let's bring our discussions to a halt now."
Have Questions for Discussion sheets available.	5	(Distribute Questions for Discussion sheets.) "Take the next five minutes and answer the questions individually so we can discuss them together later."
	5	"Let's gather back together now, and show some of the major insights you gained from this experience." (If no responses come out readily, go over each question asking for answers. Place the major insights arrived at on the chalkboard or on newsprint.)
Review Section II and use it for this review.	5	"Let's review what we have been talking about today." (Use the Conceptual Outline, Section II, in summarizing the content.)

Topics for Discussion

1. What I think of bill collectors.

2. I can't see any way out of this mess except bankruptcy.

3. My spouse always overspends.

4. My spouse drinks up (gambles away) all our money.

5. The way prices are going up, there's no way we can keep up.

6. I really got taken on that car I bought.

Questions for Discussion

1. Did you find that you had difficulty in listening to others during this exercise? Why?

2. Did you find that you had difficulty in formulating your thoughts and listening at the same time?

   a. Forgetting what you were going to say.
   b. Not accurately hearing what the other was saying.
   c. Rehearsing your remarks.

3. When others paraphrased your remarks, did they do it in a shorter, more concise way?

4. Did you find that you were not getting across what you wanted to say?

5. Was it easier to summarize the cognitive or affective elements? Why?

6. Was the manner of presentation by others affecting your listening ability? What was it that affected you, either positively or negatively?

Examples of Cognitive and Affective Word Cues

1. **Cognitive Cues**

   There is a class of verbs that is considered cognitive verbs; what follows after these words is usually a cognitive element. Some examples of cognitive verbs are:

   - *I bought*
   - *I saw*
   - *I went*
   - *I think*
   - *I hope*
   - *I spent*
   - *I heard*
   - *I said*

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2. **Affective Cues**

   a. AFFECTION. Word cues that communicate the general feeling of affection may be subclassified into five general areas. Some examples of these word cues are:

Enjoyment	*Competence*	*Love*	*Happiness*	*Hope*
beautiful	*able*	*close*	*cheerful*	*luck*
enjoy	*can*	*friendly*	*content*	*optimism*
good	*fulfill*	*love*	*delighted*	*try*
nice	*smart*	*like*	*excited*	*guess*
pretty	*respect*	*care*	*happy*	*wish*
satisfy	*worth*		*laugh(ed)*	*want*

   b. ANGER. Verbal cues which suggest anger may be classified into four general categories. These are:

Aggression	*Dislike*	*Defensiveness*	*Argumentativeness*
argue	*hate*	*against*	*angry*
attack	*nasty*	*protect*	*fight*
compete	*disgust*	*resent*	*quarrel*
criticize	*surly*	*guard*	*argue*
fight	*serious*	*prepared*	*take issue*
hit			*reject*
hurt			*disagree*
offend			

   c. FEAR. Verbal cues that suggest fear may be classified into five general categories. These are:

Fear	*Doubt*	*Sadness*	*Pain*	*Avoidance*
anxious	*failure*	*alone*	*awful*	*flee*
bothers	*flunk*	*depressed*	*hurts*	*run from*
concerns	*undecided*	*discouraged*	*unpleasant*	*escape*
lonely	*mediocre*	*sad*	*uncomfortable*	*cut out*
nervous	*moody*	*tired*	*aches*	*forget*
scared	*puzzled*	*unhappy*	*torn*	*avoid*
tense	*stupid*			*ignore*
upset	*unsure*			

(Adapted from Hackney, H. and S. Nye, Counseling Strategies and Objectives. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1973, pp. 70, 72, 74.)

IV. FURTHER SUGGESTIONS

The following are some additional suggestions of methods to use in the preceding activity.

A. Have several of the counselors bring in an audio tape of one of their counseling sessions and check on the "active listening" level of the session. Did the counselor really "hear" what the client was saying or did he/she have a preconceived idea of what the problem was?

   This same type of exercise can be done with videotape if you have these facilities available to you.

B. You might want to have several counselors "role play" a situation around each one of the areas of affection, anger, and fear. Then ask the rest of the group to identify the specific cues they heard. Then summarize the content material using the role plays as examples.

C. Counselor training is most effective when it is on-going, rather than just an occasional event. Counselors are encouraged to tape-record occasional (one a week, one a month) sessions and review them to see if they are developing habits or patterns that get in the way of counseling effectiveness.

Unit C

CLARIFYING CLIENTS' STATEMENTS

Introduction

In the preceding unit, we discussed Active Listening, which was listening to the total message of the client. This includes both the cognitive and affective elements of the message. There are times when a client makes a statement that the counselor does not fully understand. Or the words and the non-verbal behavior may not agree. At that point, the counselor focusses on the misunderstanding and tries to clarify that statement before continuing with the interview.

This unit will be dealing explicitly with this clarification process. It will provide you, the leader, with: I, some background material on the clarification process; II, a conceptual outline of the background material; III, a suggested group experience to involve those you are instructing; and IV, suggestions for further development and optional materials for your use.

I. BACKGROUND MATERIAL

A. Clarification

There is a key rule that all counselors must follow to be effective in their work. This is

"WHEN A CLIENT MAKES A STATEMENT,
NEVER ASSUME THAT YOU KNOW
WHAT THE CLIENT MEANS."

Clients make statements that refer to their personal experience. As we all know, no two people are exactly alike. Two people may witness the same event and describe it completely differently. Or they may have very different experiences and relate these experiences similarly.

Suppose clients come to you and say, "Man, are we ever in a financial mess!" What do they mean? The situation could involve:

- a usually well-organized family that is faced for the first time with either getting a $500 bill-payer loan or not paying every bill in full this month, or

- a family with $15,000 of consumer debt whose house just burned and whose primary wage earner has been fired from work.

These two families may both describe themselves as "in a financial mess," although the circumstances are very different.

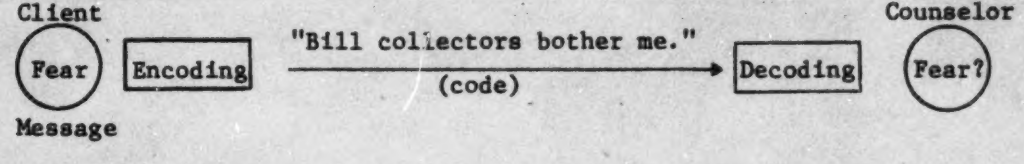
If a client comes to you and says, "These bill collectors are driving me up the wall!", what does it mean? It could be that:

- two people from one company have each called the client once, and the client is mildly irritated, or

- since the client was laid off three months ago, fifteen collectors have each called every day and have threatened jail, repossession, or physical harm. This client may have already seen a doctor or a therapist about the anxiety caused by the collection pressure.

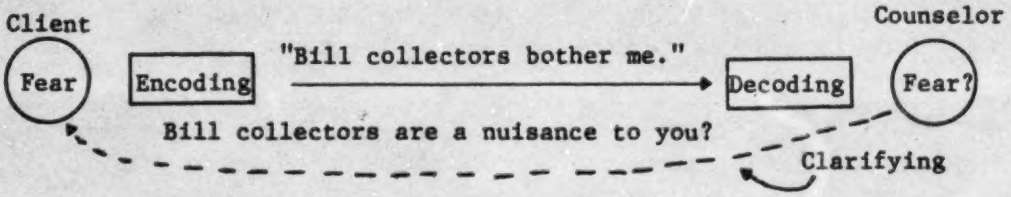
Counselors must be sure that they know precisely what the client is talking about. Counselors must press clients to clarify any vague statements or statements that could have various meanings. A financial counselor cannot work effectively with clients until both the counselor and the client are talking about the same thing. Every assumption that a counselor makes has the potential to become a misunderstanding or a problem in the client/counselor relationship.

Clarification is in reality the "feedback process" of active listening. In looking at the communication that goes on between client and counselor, we see that the client has a message that he is sending to the counselor. This message is sent in terms of a "code," that is, words, actions, tone of voice, etc. That "code" then has to be "decoded" by the counselor if he is to receive the whole message. The message is not only words (cognitive elements) but also includes feelings (affective elements). The following diagram shows the process more concretely.



Both of these elements will have to be "decoded" accurately in order for the message to be received accurately. Problems come since the only way a person can know if he has decoded the message accurately is if he checks it out with the client. This checking-out process is feedback or clarification.

The client has a fear of being exposed as one who does not pay one's bills. When talking with the counselor, the client says, "Bill collectors bother me." When making the statement the client has a nervousness in the voice and a slight quiver of the lips. The client's legs are crossed tightly and his/her arms are folded across the chest.



Now this could be received, if only the words were dealt with, as saying, "Bill collectors are a real bother." But when one hears the total message it would be easier to receive the feeling of fear coming from the client. To be sure this was what the client was sending the counselor could ask, "Bill collectors are a nuisance to you?" The client would have the opportunity to clarify his feelings, which may not have been correctly decoded by the counselor.

B. Four Techniques of Clarification

There are at least four techniques that counselors can use to get clients to clarify their statements.

1. Repeat key words.

Using one technique, the counselor repeats key words or phrases that the client uses and that are not clearly understood. By emphasizing a certain word or phrase, the counselor focuses attention on a particular thought or feeling, and the client is encouraged to explain that topic in more detail.

Examples

Client: *That bill collector is a real jerk.*

Counselor: *"Jerk"?*

Client: *I get so depressed when I think of all these bills--and Christmas is just around the corner.*

Counselor: *"Depressed"?*

Client: *I just don't care anymore. They can have the car if they'll just leave me alone.*

Counselor: *You don't care anymore?*
or
Counselor: *"The car"?*
or
Counselor: *"Leave you alone"?*

A word of caution about using this technique is in order. When used too frequently, repeating what the client just said can begin to sound phony. The counselor starts to sound like a parrot, and clients may begin to get nervous. This technique has been overused in many low-budget films with "crazy psychiatrists" and many people may link the counselor with those films if he uses this technique so often that it becomes obvious.

2. Restatement.

A second technique that can be used to get clients to clarify what they said is to have a counselor rephrase the client's statements in such a way that the client is encouraged to clarify what was said. This technique is known as restatement. Following are some examples of how a financial counselor can use restatement.

Examples

Client: *I'm behind in all my bills and my father, who is a local banker, told me it was embarrassing him because my creditors have been calling him, too.*

Counselor: *So you're having financial problems and you are feeling family pressure to find a solution.*

Client: *I can't pay the bills I've got now and Christmas is coming up soon. What can I do?*

Counselor: *It sounds like you're worried about what you can buy for Christmas when you're already having financial problems.*

When a counselor uses restatement, the client will often respond by talking about the item of concern that is most important. This is a simple observation--people usually talk about the thing that is of most interest to them. Using restatement will also encourage the client to explain things in more detail. This additional information will help the counselor to understand what the client is thinking and how the client is feeling.

3. Direct Method.

A third way to get clients to clarify what they said--perhaps the most direct method to use--is for the counselor to admit to the client that (s)he is confused or puzzled about the subject and ask the client to clarify it so the counselor can better understand. This technique has the added advantage of letting the client know that the counselor is interested in what the client is saying and is trying to better understand how the client views the subject. In this way the counselor communicates to the client that he has a genuine interest in what the client is saying and in trying to understand how the client thinks and feels about the problem. This kind of communication helps to build a stronger client-counselor relationship.

Examples

Counselor: *George, you've said a couple of times that this financial mess is all your father's fault. I don't understand what you mean by that. Could you explain that to me?*

Counselor: *Mary, I just heard you say that you thought this whole credit business is a trap. Could you explain to me what you meant by that?*

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4. Asking Questions.

A fourth method to get clients to clarify what they've said is simply by asking questions. Open questions can be used when the counselor wants more information to clarify a statement. Closed questions can be used to pinpoint specific items in the client statement to be clarified.

Examples

Client: *I don't understand what that bill collector is talking about.*

Counselor: *What does (s)he say that you don't understand?* (open)

Counselor: *Does (s)he use language you don't understand?* (closed)

Client: *My husband will kill me when he finds out that the checking account is overdrawn again.*

Counselor: *How do you think he will react?* (open)

Counselor: *What happened this month to your plan for balancing your account?* (open)

Counselor: *Do you really think he'll kill you?* (closed)

This technique, asking questions, is particularly useful when a counselor is fairly sure of what additional information is needed to clarify what was said. The counselor simply asks for the extra information that seems to be lacking in order to clarify what the client said. For more information on open and closed questions, see Unit 4 of this leader's guide, "Asking Questions."

Four techniques that you can use to get clients to clarify their statements have been discussed:

- Repeating key words or phrases
- Restatement
- Admitting to the client that you are confused and asking the client to explain
- Asking questions

These techniques help the counselor to find out more about subjects that the client brings up but does not explain in detail. A financial counselor can also use these techniques to get clients to clarify statements that are vague or that could have more than one meaning. Remember the rule:

NEVER ASSUME THAT YOU KNOW WHAT THE CLIENT MEANS.

The client is the only one who can tell you exactly what is meant by a particular statement.

C. Summarization

During an interview, the client will make many statements that reveal the problems that brought the client in for help. Most clients will not have a clear understanding of exactly how they got into financial trouble. Clients will rarely have a clear idea of what they can do to solve their financial problems. Identifying the client's concerns during the interview and attempting to clarify the real issues involved helps both the client and the counselor to better understand the total situation that must be dealt with.

The counselor will find that a client may express many items of concern. In the following client statements, each element of the client's concern is underlined. The counselor could choose to follow up on any one or all of these concerns.

Examples

Client: *It's hard to even think about Christmas coming next month when our phone has been disconnected, my car is being repossessed and my paycheck is being garnished.*

Client: *My mother said that she would co-sign a consolidation loan that would get us back on our feet, but she can't afford to make the payments if I get behind again and besides-- I feel really funny about having her bail us out again.*

Clients will frequently have multiple concerns or problems, of which some can only be handled by another agency or professional. The financial counselor should never attempt to offer advice or provide a service that is more appropriately rendered by another profession.

Examples

Counselor: *Well, Fred, we've been discussing your problems with bill collectors, your problems at work and the approaching date to pay taxes. Which of these things seems to be the most critical to you?*

Counselor: *Jane, we've been talking about your lack of a financial plan, your work situation, your problem with bill collectors and how much you need new furniture. Which of these problems do you think we can work on together?*

A major reason why a financial counselor must clarify with the client the nature of the client's concerns is to determine whether the counselor can assist the client with those concerns. If the counselor finds that the client is concerned with assistance in filing bankruptcy, he should refer the client to an attorney. Similarly if the client wants only to patch up a bad credit rating in order to seek additional credit, the counselor can inform the client that this type of assistance would be contrary to the purpose of financial counseling.

Clarifying the concerns of the client enables both the client and the counselor to more clearly understand the client's situation. This further helps the counselor to determine whether the client can be helped by financial counseling and/or whether the counselor feels able to assist the client.

Clients will frequently have multiple problems of which some should be handled by another agency or professional. For example, a client may have numerous financial problems, one of which is a matter that deals with consumer protection. Perhaps a seller has acted in a manner that may be illegal. In this case, the financial counselor would deal with the client's budgetary and debt repayment problems and would refer the client to the state Office of Consumer Affairs for assistance with the problem concerning the merchant.

In other cases, clients could be referred to attorneys, social workers, unemployment offices, psychotherapists, marriage counselors or a wide range of other sources for assistance. The counselor then continues to assist the client with those problems that are best handled by a financial counselor.

To work effectively with a client, the counselor must know specifically why that client has sought counseling. Some indebted persons will seek help primarily to get bill collectors "off their backs." Others may only be interested in getting a wage garnishment dropped or a repossession order delayed. If the financial counselor attempts to push these types of clients into a debt management program or a family budgeting plan there may be a great deal of resistance, or a complete lack of

cooperation. In these cases the counselor's program is not suited to the client's concern. A financial counselor will be effective only when the counselor and the client are working together on the same problem.

Thus, a reason for summarizing the client's concerns is to be sure that all of the client's problems receive some attention. Particularly, it is to ensure that the underlying reasons for the financial problems are dealt with.

If a couple with a joint checking account is using the account to hurt one another by seeing who can spend the money first, this problem must be resolved before a balanced family budget is possible. The couple can choose to resolve this problem in any number of ways--they may seek marriage counseling; they may discontinue the use of a joint account; they may contract with each other to discuss with the partner before writing any checks. How the couple decides to solve this problem is their choice. The counselor can suggest different methods, or--better yet--can ask the couple to list all possible ways they could resolve this problem, and then help them to choose one.

The counselor in this kind of situation must inform the clients that the assistance of a financial counselor will be completely useless if they don't change their destructive habit of using the checking account as a weapon against each other. Perhaps just by talking about the problem, the couple will see how childishly they are behaving in their use of money as a weapon. The counselor should be aware that if this problem is not resolved, the counselor's efforts will probably be wasted. Most importantly, the counselor should recognize that the problem may be psychological and should urge the clients to seek professional psychotherapy assistance.

By summarizing the various client concerns and problems, the counselor ensures that things that might stand in the way of an effective solution are less likely to be overlooked. This helps both the counselor and the client to clarify what must be done in order to ensure a successful financial recovery.

References

Myhre, D.C., B.C. Harrison, R.D. Harris and E.T. Garman. Asking Questions and Clarifying Client Statements, Blacksburg, Virginia. Virginia Polytechnic Institute and State University, 1977.

II. CONCEPTUAL OUTLINE

A. Clarification

The act of "checking out" what you hear the client saying in his/her total message, in order to know precisely what the client is saying. A "feedback" process.

B. Four Techniques for Clarification

1. Repeat key words or phrases that are unclear.
2. Restatement--rephrase what the client says.
3. Direct admission by counselor that they are confused.
4. Asking Questions--either:
   a. open questions that allow the client to explain from his own perspective giving more information to the counselor, or
   b. closed questions that pinpoint specific items in the client's statement for clarification.

C. Summarization

The process of summing up the problems that brought the client to the counselor. More specifically, clarifying the real issues involved. This allows the counselor to:

1. Understand the total situation.
2. Narrow the issues to those the financial counselor can deal with.
3. Establish which problem the counselor and client will be dealing with first.

III. SUGGESTED EXPERIENCE

Goal: To conceptualize the greater accuracy of clarifying the communications from clients in order to have a better picture of the problem.

Group Size: Minimum of four.

Time Required: 60 minutes.

Materials Needed:
1. Chalk board, chalk, eraser or newsprint
2. Two sheets of unlined paper and a pencil for each participant
3. Reproductions of Chart I and Chart II

Physical Setting: Participants should have space enough to sit far enough apart so that they will not see each other's drawings.

Process:

Notes on Activities	Time	Activity
Have all of the materials listed above prepared for this session. This activity we have suggested is to be experienced first in the session so they will have the "feeling" level to help understand the content that they will cover later. Therefore, do not reveal the "real" content of the exercise until after they have completed their drawings. In the following instructions, you, the leader, will be called the "facilitator." You might want to arrange ahead of time for one of your group to be the "demonstrator."	2	"Today we are going to begin with a demonstration related to communication. To do that we need to have a volunteer." (Or ask the demonstrator you have chosen ahead of time to come up front.) "Come up to the front of the groups." (Hand out the paper and pencils to the rest of the group.) "When you have your paper, label one 'Chart I' and the other 'Chart II'." "This demonstration is going to describe to you how to draw a series of squares. You are to draw the squares exactly as the demonstrator tells you. This first drawing will be done on the paper labeled Chart I. You may not ask questions nor give any audible responses."
Give "Chart I" to the demonstrator.	2	(To the demonstrator) "You will have 2 minutes in order to study this diagram."

Notes on Activities	Time	Activity
Put "tables" on the chalkboard or flip chart.		(During this time you may place the 3 "tables" shown on the chalkboard, or have them fixed ahead of time.)

Table 1

Medians	I	II
Time Elapsed		
Guess Accuracy		
Actual Accuracy		

Table 2

Number Correct	Guess	Actual
5		
4		
3		
2		
1		
0		

Table 3

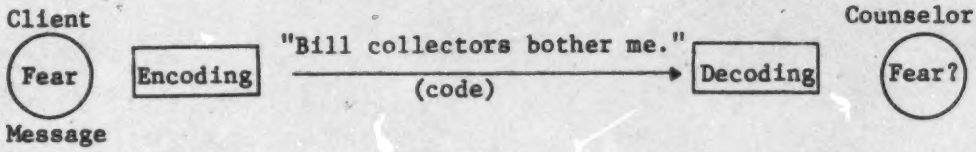
Number Correct	Guess	Actual
5		
4		
3		
2		
1		
0		

Be <u>prepared</u> to time the demonstrator's instructions.	3-5	(To the demonstrator) "Turn your back to the group and keep this chart so they cannot see it. Tell the group how to draw this series of squares as quickly as you can." (To the group) "Remember that you cannot ask any questions or make any audible responses. OK--any questions? If not, demonstrator, proceed with your instruction." (The time it takes the demonstrator to complete his instructions is recorded in Table 1.) "Now I want you to estimate how many squares you have drawn correctly in relation to the other squares." (Record these estimates in Table 2.)

Notes on Activities	Time	Activity
		(To demonstrator) "Now you are going to describe this second chart to the group. Only this time you can face the group and they can ask you questions and you can respond to their questions. Take two minutes now and study this diagram."
	2	(To the group) "This time you can ask questions about anything that is unclear to you. Make this drawing on the Chart II sheet.
	3-5	"Are there any questions? If not, you may begin to describe how to draw the diagram."
Be prepared to time the demonstrator's instructions.		(Time the instructions and record the time in Table 1 under the "II" column.)
	3	(To the group) "Again, I want you to estimate how many squares you have drawn correctly in relation to the other squares." (Record these estimates in Table 3. Determine the averages for guessed accuracy for trials one and two based on the individuals' estimation of accuracy and indicate these on Table 1.)
	3	"Now look at these master charts as they are passed around and determine how many you actually got right." (Record these in Table 2 for Chart I and Table 3 for Chart II. Determine the averages for actual accuracy for trials one and two based on the individual scores. Record these on Table 1.)
	5	"Now let's look at what the differences were in these two demonstrations. Which took longer? Any idea why?" (Allow time for responses.) "Which method had greater accuracy? Why? And finally, which had a higher level of confidence? Why was this true?"
Focus should be on the feelings at this point.	2	"I wonder what the feelings of the demonstrator were for each method? How did it feel trying to convey the picture as accurately as possible?

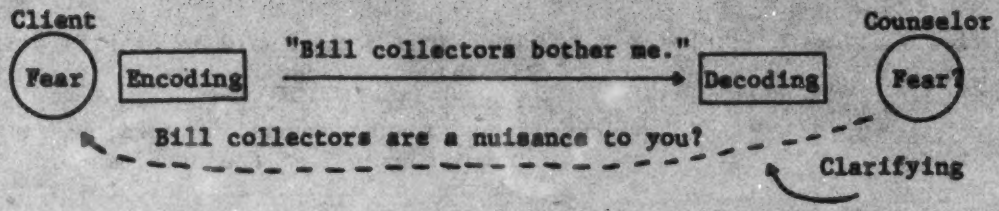
Notes on Activities	Time	Activity
	2	"What were the <u>feelings</u> of those of you who were drawing, for each method?"
	4	"Can you make any guess as to how these methods might apply to what happens when a client comes in to describe a problem to you?" (Allow time for response.) "Which role do you think is closer to the client--the demonstrator or the drawers? Remember the demonstrator's feelings?" (To demonstrator) "Was the act of <u>clarifying</u>, or asking questions, helpful in your confidence level? Did you feel like you were being heard more accurately when they could ask questions?"
Review Section A of background material.	5	"Clarification is a process of <u>checking out</u> with the client what you as a counselor hear the client saying. It is a 'feed-back process.' The client has a message that he is sending to the counselor. This message is sent in terms of a 'code', that is, words, actions, tone of voice, etc. That 'code' then has to be '<u>decoded</u>' by the counselor if he is to receive the whole message. The message is not only words (cognitive elements) but also includes feelings (affective elements). The following diagram shows the process more concretely."

Put diagram on board or flip chart.



"Both of these elements will have to be 'decoded' accurately in order for the message to be received more accurately. Problems come since the only way a person can know if he has decoded the message accurately is if he checks it out with the client. This checking-out process is feed-back or clarification."

Notes on Activities	Time	Activity!
		"The client has a fear of being exposed as one who does not pay one's bills. When talking with the counselor, the client says, 'Bill collectors bother me.' When making the statement the client has a nervousness in the voice and a slight quiver of the lips. The client's legs are crossed tightly and his/her arms are folded across his/her chest."



"Now this could be received, if only the words were dealt with, as saying 'Bill collectors are a real bother." But when one hears the total message, it would be easier to receive the feeling of fear coming from the client. To be sure this was what the client was sending, the counselor could ask, 'Bill collectors are a nuisance to you?" The client would have the opportunity to clarify his feelings, which may not have been correctly decoded by the counselor.

List these on the chalk board or flip chart.

2

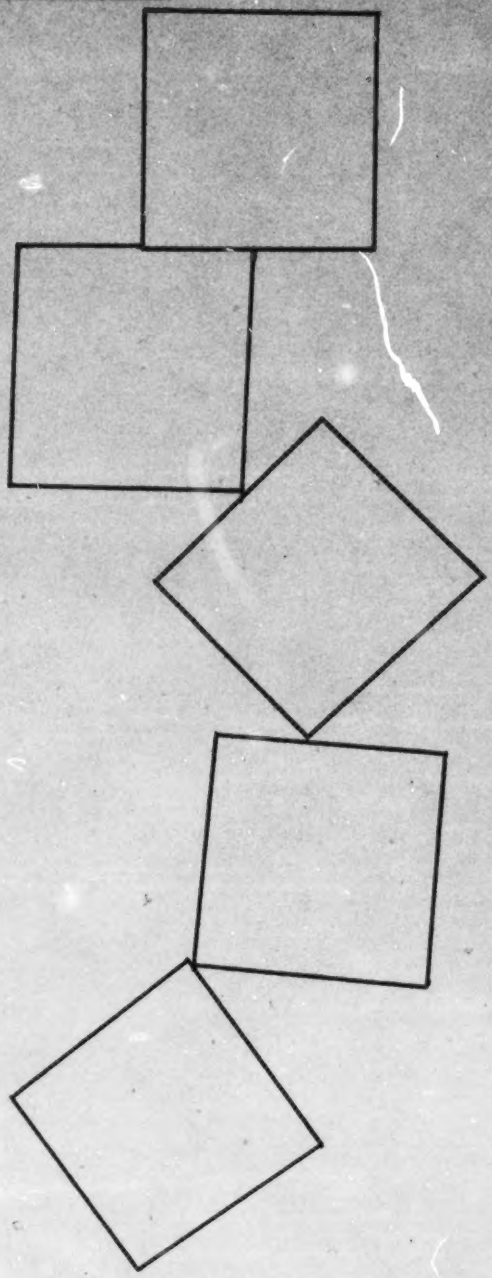
"There are four techniques that can be used in this clarification process.

1. Repeat key words or phrases that the client uses. But don't use this too often because it can begin to sound phony.
2. Restate what you heard the client say in order to give the client the chance to clarify any misunderstanding.
3. The Direct Method or just saying that you don't understand what is being said.
4. Asking questions. This method can help gather more information. This was the major method used in the demonstration (at least most likely it was.)

You asked questions for specific information. These are two types of questions:

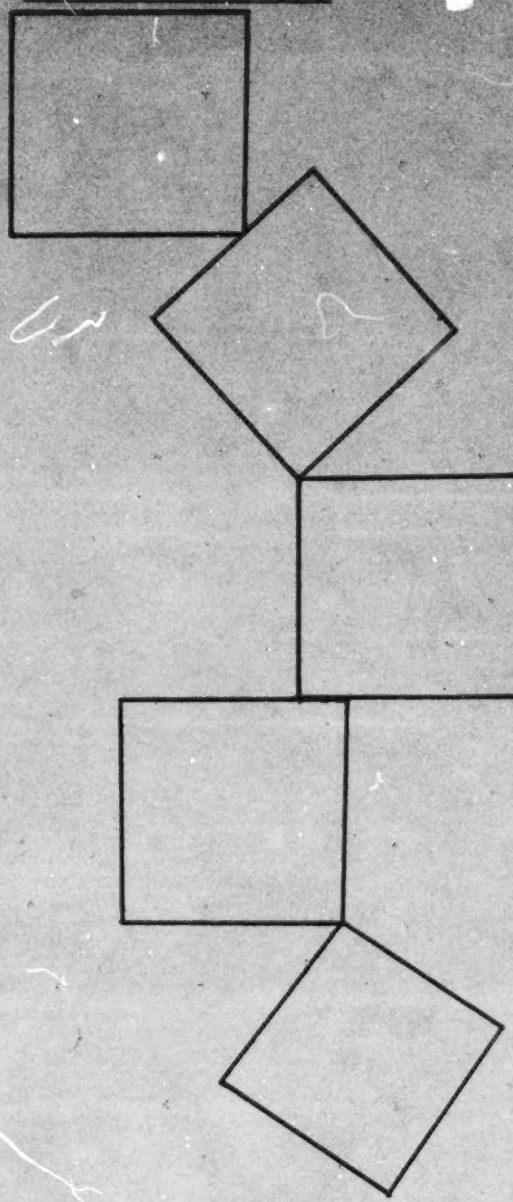
Notes on Activities	Time	Activity
		a) open questions which allow the client to go in the direction of clarifying the whole question; b) closed questions which are used to pinpoint specific items in the statement of the client. They can be answered by short answers only. For example, 'Does the square sit on a point or on its side?' Or, 'Do you have a budget?'"
Review Section C.	1	"One final method used in clarification is that of Summarization. This is an attempt to bring together what has happened in the counseling session. Maybe summing up all of the problems brought to the counselor's attention by the client. This allows the counselor to understand the total situation of the client. It also allows them both to narrow down on one or two problems to work on rather than cover them all at one time."
	4	(Review the insights from the demonstration and the major points of the Conceptual Outline, Section II, especially the four techniques for clarification and the use of summarization.)

Chart I One-Way Communication



Instructions: Study the figures above. With your back to the group, you are to instruct the participants how to draw them. Begin with the top square and describe each in succession, taking particular note of the relationship of each to the preceding one. No questions are allowed.

Chart II Two-Way Communication



Instructions: Study the figures above. Facing the group, you are to instruct the participants how to draw them. Begin with the top square and describe each in succession, taking particular note of the relation of each to the preceding one. Answer all questions from the participants and repeat if necessary.

IV. FURTHER SUGGESTIONS

A. You can lead in a discussion of the content first and then have some counselor do a "role play" where a "counselor" assumes he/she knows what the "client" means in several statements. The counselor then pursues the wrong "problem" and the "client" spends a great deal of time trying to correct the "counselor" leaving both feeling frustrated.

B. Again, you might want to use actual video or audio tapes as examples of clarification.

C. Feel free to use examples from your own casework to illustrate points in the session. We have all made mistakes and we also have all had some extraordinary successes. Sharing these with your group may be helpful to them especially if you are working with a group of new counselors.

Unit 4

THE EFFECTIVE USE OF QUESTIONS

Introduction

In this unit, a number of techniques are presented which will help a financial counselor to identify the problems clients want to be assisted with. It presents a framework for obtaining information about clients and their problems through the use of questions. It is designed to provide you, the leader, with:

I. Background Material on effective use of questions
II. An Outline of the Content Material
III. A Group Experience to involve those you are working with
IV. Suggestions for further development and optional materials for your use

I. BACKGROUND MATERIAL

A. Types of Questions

One of the most important aspects of financial counseling is the gathering of information about clients. Good counselors are skilled in asking questions in a way that helps them to discover information about the clients whom they assist. There are basically two types of questions, open and closed. A closed question is one that can be answered by a simple "yes" or "no" response. An open question cannot be answered "yes" or "no."

Examples of Closed Questions

Counselor: *Did you tell your creditors that your wages had been garnished?* (yes/no)

Counselor: *Do you think you can stay within this budget?* (yes/no)

Open questions ask the client to state things in the client's own words. They encourage the client to "open up" and talk. The two above closed questions could be restated as open questions.

Examples of Open Questions

Counselor: *After your check was garnished, how did you react when other creditors called?*

Counselor: *What do you think about this new budget?*

Generally speaking, it is best to ask open questions in an initial interview with the client. Open questions help clients to state their problems in their own words. Open questions also encourage clients to do most of the talking. While clients are talking, the counselor should be listening to discover clues about why the client came for counseling, the nature of the problem, the client's expectations of what a financial counselor can do to help, etc. At appropriate times, closed questions can be used to clarify specific points that are brought out during the interview.

When a financial counselor asks a long series of closed questions, clients may begin to feel like they are being interrogated. This could result in clients feeling uncomfortable. At the other extreme, the counselor could ask a long series of open questions about topics that the client does not find to be related. This could leave the client feeling confused about the purpose and direction of the interview. In every case, the counselor should know what broad categories of information are being sought in the initial interview, and should inform the client about the direction that the discussion is taking.

B. Using Open and Closed Questions

A financial counselor deals with many different types of clients. Often it is best to use different types of questions with different types of clients. Some clients are very verbal--they talk freely without making the counselor struggle to get information from them. Non-verbal clients, those who do not talk freely, may pose a problem to the counselor. The financial counselor needs information to assist the client and may find it difficult to obtain information from a non-verbal client. The counselor should use mostly open questions with non-verbal clients. Asking closed questions with non-verbal clients will usually get a simple "yes" or "no" response. This leaves the counselor with the responsibility of having to ask another question.

The opposite extreme of this would be found with a highly verbal client who talks so much that the counselor loses control of the interview. In this case the counselor may want to ask more closed questions in an attempt to control the responses of the client.

Some general guidelines for the financial counselor to remember are:

1. With a non-verbal client, use mostly open questions to encourage the client to talk.

2. With a verbal client, the counselor will find that both open and closed questions usually get good results.

3. With an overly verbal client, the counselor may need to ask mostly closed questions to limit the amount that the client talks.

The counselor determines what information is brought out in the interview by the types of questions that are used. If you think of the counselor as the director or leader of the interview, you can see that the strategy employed by the counselor determines the course of the interview and the type of information that is uncovered in the interview. Perhaps some examples would show this more clearly.

Example 1

Counselor 1: *Mr. Jones, I'm Mike Ward and I will be your financial counselor.*

Client: *Pleased to meet you. You can call me Jim.*

Counselor 1: *I understand, Jim, that you're having trouble in keeping up with your bills. What we'll try to do today is to develop a financial plan that will enable you to live within your income and pay off your bills. Let's start first with your income--how much do you make?*

Client: *Well, I take home $463 twice a month.*

Counselor: *Is this your only source of income?*

Client: *Yes.*

Counselor: *Okay, let's try to list your expenses as closely as possible. How much do you pay for rent?*

Client: *$200 a month.*

--There follows a long list of questions about the client's expenses and debts--

Counselor: *Well, Jim, it looks like you've got an income of $926 a month and living expenses of $900 a month. This only leaves you about $26 a month to put toward your payments for the car, the consolidation loan, and the medical bills. The total of your debt payments is about $200, so I guess what we need to do is to try to find a way to cut your living expenses by about $175 a month, unless you can increase your income.*

Client: *Well, Mike, the problem is that I don't owe that*

one big medical bill--the insurance company already paid the hospital for it, but their records don't show that it was paid. Now they've sent it to a collection agency and I've already got a notice to appear in court next week. If that happens, they'll probably start garnishing my paycheck and then I'll probably get the car repossessed.

Counselor: *Hmmm. I see. Unfortunately our time is about gone for this interview and I have another client coming in. I can squeeze you in for a half-hour on Thursday so that we can try to straighten out the problem with the medical bill. Can you come back on Thursday?*

Client: *I guess I'll have to. What time?*

Example 2

Counselor 2: *Mr. Jones, I'm Beth Johnson and I will be your financial counselor.*

Client: *Pleased to meet you. You can call me Jim.*

Counselor 2: *Why don't we start out, Jim, with your telling me what brings you to see a financial counselor?*

Client: *Well, generally, my finances are a real mess and I'm having trouble making the payments on the debts that I do owe. But the real problem is the big medical bill that I don't owe and the collection agency is taking me to court. I'm afraid they might win and start garnishing my paycheck and then I'd probably get the car repossessed, too.*

Counselor: *Hmmm. I see. Why don't we concentrate on this immediate problem with the medical bill first. What makes you think that you don't owe this bill?*

Client: *Well, the medical insurance was supposed to cover it and they say that they've already paid it. But the hospital has no record of payment, so they're coming back to me for payment.*

Counselor: *And you say that you have a court summons to appear next week concerning this bill?*

Client: *Yes.*

Counselor: *Okay, Jim. I think we had best concentrate today on the immediate problem with this medical bill. Then in a week or so when we get it straightened out we can examine your overall financial situation and work on a plan to help you meet your other payments. Does this sound good to you?*

Client: *It sure does. If I get stuck with that medical bill, I'll <u>really</u> be in a mess.*

The difference in approach by the two counselors is obvious. Counselor Ward started out by <u>assuming</u> that he knew what the problem was and asked a series of closed questions that didn't allow the client to say what was really on his mind.

Counselor Johnson, on the other hand, started out the interview with open questions and found out immediately what the client's problems were. With that knowledge, she elected to use the time in the first interview to work on the <u>immediate</u> problem--the medical bill.

Both counselors finally will go through the same processes with this client. They will both work on the problem with the medical bill and then help the client with his overall financial situation. But if you were the client, in which of these two counselors would you have more confidence? Most likely you would have the greatest confidence in the one who started out by finding out from <u>you</u> what the problem was and then asking your opinion about how to deal with the problem.

The type of questions that you ask a client <u>do</u> make a difference, both in the kind of information you get <u>and</u> in the outcome of the interview. The right kind of question asked at the right time is a valuable tool to most effectively conduct an interview.

C. <u>Probes and the Reluctant Client</u>

There is a type of client whom financial counselors sometimes see--the <u>reluctant</u> client. Reluctant clients may <u>withhold information</u> or they may give <u>false</u> or <u>incomplete information</u>. There are many reasons for clients to be reluctant. They may not have wanted to seek financial counseling, but were pressured by creditors, friends, relatives or the court to seek help. They may be embarrassed or afraid about their situation and not want to reveal it to others. They may not know anything about the counselor or the agency, and want to "check these things out" <u>before</u> revealing the nature of their problems.

With every client, a counselor attempts to determine what the problem is, then assists the client in dealing with that problem. There is no difference with a reluctant client. However, the <u>reason for the client's reluctance</u> becomes the immediate <u>problem</u> that the

counselor assists the client to deal with. Therefore, with a reluctant client, the counselor focuses the interview on the nature of, and reason(s) for the client's reluctance.

With a reluctant client, the counselor must probe. A probe is generally defined as an instrument used to explore, search, or penetrate. The kinds of probes that a financial counselor uses are questions and statements that explore the client's problem in an attempt to penetrate right to the heart of the matter. With a client whom you suspect was pressured to come in for financial counseling, you would probe for two things: 1) to find out if your hunch is correct and 2) to determine whether the client has any serious personal interest in obtaining financial counseling. Trying to counsel a disinterested person is usually a waste of time for both the client and the counselor. These kinds of situations should be recognized and resolved before continuing an interview. Following are some examples of probes that a financial counselor could use with a reluctant client who appears to have been pressured to seek counseling:

Examples

1. Counselor: *What was the biggest factor that led you to come for counseling?*

2. Counselor: *How much pressure did the bank put on you to come for help?*

3. Counselor: *What do you think a financial counselor can do to help you with your problem?*

With clients whom you sense are embarrassed or afraid to give you their personal financial information, there are many ways that you could probe. Following are some examples:

Examples

1. Counselor: *How do you feel about revealing your financial problems to other people?*

2. Counselor: *How much information do you think I would need about your financial situation in order to help you?*

3. Counselor: *What is the worst thing you can imagine that could happen if you told me all about your financial problems?*

With a client whom you sense is unsure about you, personally or as a counselor, or unsure about the type of agency where you work, you could probe to determine how much the client knows about you and the agency. You could also probe for any good or bad things the client has heard about you or the agency.

Examples

1. Counselor: *Tell me what you know or have heard about me or the agency.*

2. Counselor: *What do you think I can do to help you with your financial problems?*

You can use probes with any kind of client when you focus on specific problems. However, probes are especially useful in dealing with clients who show a reluctance to "open up" and give full information. A counselor can be effective only when the client is interested and committed to receiving assistance. Probes are effective tools to discover if the client is interested, and to discover and eliminate any barriers that may be preventing the client from making a commitment to a counseling relationship.

In many agencies, financial counselors have a limited amount of time to spend with clients. These counselors are not permitted to spend a long time dealing with a reluctant client, whether to pry out information or to assure the client that the counselor is able to help. When these counselors see a reluctant client, they are advised to pursue the reason for the client's reluctance and to determine quickly whether this client can be helped or not.

A note of caution is necessary at this point. The counselor must be aware of the possibility that too much probing can appear to the client as interrogation or intrusion into their private lives. Therefore, the counselor needs to be attentive to the amount of resistance the client is conveying. This is especially true if probing questions are the only type of questions used. Just like the closed questions, probes are to be used in conjunction with other types of more open questions.

D. Silence

So far in this unit, we have been presenting information on types of questions, and giving instruction on when and how to use them to get information from clients in the most effective way. There is another thing related to questions that counselors should be aware of--that is, when NOT to ask questions. More specifically, the counselor should know how to make effective use of silence during an interview.

Particularly for a new counselor, the times during an interview when there is complete silence are awful. The counselor may think that the client didn't hear or understand the question that was just asked. Or, perhaps the counselor expected the client to keep talking and hasn't yet thought about what question to ask next. To the beginning counselor, the sound of silence is often deadly--it seems like nothing is happening.

What financial counselors are likely to do if the client fails to respond immediately to a question is to either explain the question in more detail or to ask another question. This can be very confusing to a client, and can also affect the way the question is answered. If the counselor explains in detail what he is looking for, the client is likely to answer only the very specific detail. Following is an example:

Example

Counselor: *Tell me how you manage your money.*

Client: No immediate response.

Counselor: *What I mean is, how do you budget your money?*

Client: *We don't have a budget.*

There are a couple of problems in the above example. First, if the counselor wanted to know if the client has a budget, the best way to find out is to ask, "Do you have a budget?" Second, by asking the follow-up question, the counselor made sure that the client would not have to answer the first question. In a way, what the counselor did in the above example was waste a question. After all, why bother to ask a question without giving the client a chance to answer it?

Let's look at the counseling situation. You are a financial counselor. You know all about budgeting, money management, financial planning, comparative shopping, compulsive spending, financial problem solving, etc. You are the expert. When a client comes to you, you know in advance what general information you need to solve financial problems. You know what kinds of questions to ask and what general areas to explore. Your clients don't know any of this. If they knew what you know, they wouldn't need your assistance.

To show why using silence effectively is a technique that is valuable to the counselor, let's take a look at the clients who seek financial counseling. Financial counselors seem to agree that their clients usually don't know how or why they got into the financial jam that they are experiencing. Most clients do not have a personal or family budget--either written or mental. And if the clients knew how to solve their financial problems, they wouldn't be seeking help.

It follows that most clients know very little about financial problem solving.

As you progress through an interview, you will be asking your clients questions about subjects they have probably never seriously considered--money management, budgeting, spending habits and patterns, attitudes and values towards money and material possessions. In your office, people will frequently confront these issues for the first time. It follows that they need time to think about these things when they come up.

Silent time is thinking time, and for many of your clients the primary reason why they are seeking financial assistance is that they have not given enough thought to how they can best use the money they have. You will find that clients have rarely thought about their spending habits and patterns to any extent. In fact, very few clients are aware that they have spending habits. Rarely will clients have analyzed why their desires for consumer goods are so much greater than their income.

In financial counseling, you have the rare opportunity to create for clients the conditions in which they can examine various aspects of their lives, often for the very first time. By getting clients to confront their problems, examine their attitudes, values, habits and patterns, you give them an opportunity to better understand themselves and to take more control of their lives. To understand, clients need time to think. And in an interview, thinking time is silent time. In the process of eliminating all of the silent time in an interview, a counselor can destroy the client's opportunity to analyze and confront the many things that for them resulted in financial disaster.

When you ask a question of a client, wait for an answer. If the question is not understood, the client will ask you to clarify it. If the client does not respond immediately, assume that the client is thinking about the answer to your question. Give the client plenty of time to think about your question. Remember, it may be the first time that your client has seriously considered this question; therefore, it may take some time to come up with an answer.

Another situation happens frequently in financial counseling. The client will be talking about something and will suddenly stop or his voice will fade away without completing a thought. If you pay close attention at these times, you may see that the client is mentally struggling with something or has just gotten an important insight. Sometimes it will be just like the cartoons--you can almost see the light go on in his head.

When this happens, there is a great temptation to jump in with that next question you want to ask or comment about the topic that the client was discussing. Don't do it! Allow the client to work through that problem or to let that insight really "sink in."

A new financial counselor will usually leave very little silent time in interviews. If you were to tape record a session and replay it, you would find few pauses more than five seconds in length. The average length of pauses would be about three seconds. To become able to allow pauses of longer periods, you must practice.

At first, a pause of 15 seconds will seem like forever. As you practice allowing more time in interviews, you will find that you can remain comfortable with pauses of 30 seconds or more. When you can do this you are likely to find your clients getting more out of interviews and you will find yourself interrupting your clients less frequently.

E. Systematic Inquiry

Systematic inquiry is a process by which a financial counselor obtains information from a client in an orderly manner. The counselor should have a general idea, an outline, of the topics that are to be discussed with the client. In the first interview, the counselor may want to cover the topics of 1) general discussion of the client's problem, 2) any financial emergency or crisis, 3) income, 4) monthly expenses, 5) debt load, and 6) what the client wants to do about the situation. By systematically inquiring about each of these topics, one at a time, the counselor makes the best use of time necessary to get the required information.

Also, when the counselor conducts the interview systematically, the client is better able to see where the interview is going and to concentrate on one thing at a time. When a counselor skips around from one topic to another, when the topic of conversation keeps changing quickly, the client may become lost or confused. A counselor who conducts an interview in an unstructured way risks losing the attention, interest, and/or confidence of the client.

Another thing can happen when the counselor skips around during the interview. Say, for example, that the discussion has been about where the client works and how much family income there is. Suddenly the counselor asks, "How much do you spend on alcoholic beverages?" The client is very likely to think and feel in a way that could hurt the counseling relationship.

"Does the counselor think I'm an alcoholic?"

"That's none of his business."

These are the kinds of things that may go through the client's mind.

The topic of alcohol may be an extreme example. Still, clients may start asking themselves, "Why does the counselor want to know that?" When the client begins to "second guess" the counselor, or becomes confused as to where the counselor is going in the interview, the interview is likely to be less effective.

A financial counselor should have a rough outline of the topics that he or she intends to cover in the first interview. Following is an example of a general outline for the first interview with the client:

Example

1. *General discussion of the client's problem and situation*
2. *Discussion of any emergency or crisis situation(s)*
3. *Income*
4. *Monthly expenses*
5. *Debt load*
6. *Discussion of what the client would like to do*
7. *Explanation of what the counselor can do to help*
8. *Decision on whether to continue counseling and/or what action to take*

Some counselors like to inform their client of the topics that will be discussed in the first interview when the client calls for an appointment. This gives the client time to think about these matters before the first meeting with the counselor.

The outline that a counselor uses must be flexible. The items in the outline may be limited or determined by the type of agency within which the counselor works. One counselor may wish to operate one way, another counselor differently. Two counselors may both use the same items in their outlines but in a different order, or they may even cover different topics in a first interview. The outline will also vary depending on the type of client one is interviewing--married with children/single; young/retired person; high income/low income. The interview may also vary depending on the type of problem the client is having. (There was a good example of this back in Section B.)

Systematic inquiry extends into each element of the outline. Using the above example, let's look at a systematic way to inquire about one topic, income, for a married couple with children.

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Example

Income

I. Do both husband and wife work?

A. Husband
1. Wages or salary
2. Overtime
3. Bonus
4. Part-time jobs
5. Income tax refund

B. Wife
1. Wages or salary
2. Overtime
3. Bonus
4. Part-time jobs
5. Income tax refund

C. Children
1. Part-time jobs
2. Child support/Social Security

D. Other
1. Interest income
2. Investment income
3. Veterans' benefits
4. Social Security
5. Disability income
6. Gifts from parents
7. Other

This example shows in detail a list of items that the counselor may wish to systematically cover when inquiring about a client's income. By fully covering each subject before moving to another, the counselor can get complete information in an orderly way. There is less chance of error and less chance of undiscovered material coming up later in the interview that might change the counselor's approach to the situation.

F. Asking Appropriate Questions

A financial counselor should ask questions that keep the interview focused on the general subject of the client's financial problems and also focused on the immediate subject of discussion. Questions that are properly focused on the client and on the subject at hand are termed appropriate questions. Those questions that do not fit into the discussion or that are irrelevant to the client's financial problems are inappropriate. In the following example there is

a client statement followed by four sample responses by a counselor:

Example

Client: *My brother in Cincinnati had the same kind of money problems last year.*

1. Counselor: *How long has your brother lived in Cincinnati?*
2. Counselor: *Last year was a bad year for a lot of people, wasn't it?*
3. Counselor: *Did your brother get laid off?*
4. Counselor: *I hear Cincinnati is really nice. Have you visited your brother there?*

The focus of the counseling session is on the client's financial problems. The above inappropriate responses to the client's statement reflect an interest in Cincinnati, last year, and the client's brother, not the client's financial problems. Following are some appropriate responses to the same client's statement:

Example

Client: *My brother in Cincinnati had the same kind of money problems last year.*

1. Counselor: *Why don't you tell me more about these money problems you're having?* (Focuses on client's problems.)
2. Counselor: *Do you and your brother manage your money the same way?* (Asks about client's money management habits and gets client to think about styles of money management.)
3. Counselor: *Could you solve your problems the same way your brother did?* (Focuses on client's awareness of how to solve financial problems.)

In these last examples, the first counselor response is the most directed at the client. The other two counselor responses bring up subjects related to the topics of money management and financial problem solving. If the client's responses to these two questions were still related to the brother, the counselor might want to drop

the brother entirely from further discussion. These types of questions [illegible] how much thought the client has given to money management and problem solving by comparing the client's situation to that of someone else that the client knows well.

Beginning counselors may feel nervous and anxious with clients, and may seek comfort in making "small talk." Clients are also frequently anxious about their problems and may feel more comfortable talking about other things. It is the counselor's responsibility to be constantly aware of the direction of the interview and to keep it focused on the client's problems.

There are a number of statements or types of questions that can cut off communication between a counselor and a client. Some of these are moralizing, condemning, judging, name-calling, interrogating and sarcastic. The outcome of this type of statement is that the client can feel "put down." They already feel inadequate in dealing with their financial affairs. The counselor saying something that increases this inadequate feeling will tend to cut off communication. These types of statements also communicate "I don't accept you as you are," to the client and will destroy the counseling relationship.

By asking appropriate questions--those that address the client's financial problems and the topic of discussion at hand--the counselor can keep the interview focused on one relevant subject at a time. This helps the counselor to get full and complete information about one topic before switching to another. It also helps the counselor make the most efficient use of time available.

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II. CONCEPTUAL OUTLINE

A. Types of Questions

1. Closed: can be answered by "yes" or "no"
2. Open: cannot be answered by "yes" or "no" and encourage clients to answer in their own words

B. Using Open and Closed Questions

1. With a non-verbal client, use mostly open questions.
2. With a verbal client, use both depending on the information desired.
3. With an overly verbal client, use mostly closed questions, causing greater focus.

C. Probes and the Reluctant Client

1. Probes should be used mainly to discover the reason for the client's reluctance and the level of desire for help.
2. Probes should never be the only form of question, or they will close communication.

D. Silence

Use silence as creative tension--to allow the client time to process what is going on, and take a larger role in solving the problem.

E. Systematic Inquiry

An orderly way of obtaining information from the client covering such topics as:

1. General discussion of problem
2. Any financial emergency
3. Income
4. Monthly expenses
5. Debt load
6. What client wants to do about the situation

F. Asking Appropriate Questions

Keeping the interview focused on the financial problem of the client.

III. SUGGESTED EXPERIENCE

Goal: to examine the use of questions in a counseling setting and practice some of them.

Group Size: unlimited.

Time Required: 45 minutes.

Materials Utilized:
"Situations and the Use of Questions" (photocopy master provided)
"Example Outline" (photocopy master provided at end of unit)
Chalkboard or newsprint

Physical Setting: space enough for the group to be comfortable.

Process:

Notes on Activities	Time	Activity
This activity begins with the counselors indicating their typical responses to four situations. Be sure to have the "situation" sheets available before you begin the Experience.	2	Today we are going to be looking at the use of questions in the counseling process. We all use questions. But for the most part, we aren't aware of the impact of our questions. There are several types of questions and we need to be aware of the types and effects of our questions. In order to get started I want you to read over the situations on this handout and indicate the response you would most likely make. (Hand out the "situation" sheets.) Don't try to examine the choices too deeply. Just choose the response that is closest to the way you would respond. You will have 5 minutes to complete the questionnaire.
	5	(After 5 minutes, continue.) Okay, now we are going to look at each situation and the possible responses. The first situation deals with the man who has a problem with a medical bill. How did you respond and why? (As each person responds, try to get them to say why they preferred that response over the others.)

Notes on Activities	Time	Activity
Review Section "A" of Background Material.	5	This situation deals with open and closed questions. An open question is one which cannot be answered with a simple "yes" or "no." It helps the client state what he/she is really concerned with since it leaves the response totally up to the client. It opens the area of possible responses rather than narrowing them. It also allows the counselor to listen to the client and gain a better understanding of the client and the problem. Open questions are especially useful with non-verbal clients. Response "B" is an example of an open question. Response "A" is just the opposite--it is called a closed question. It can be answered with a very short response. The subject of the response is narrowed or closed in. The counselor, in this case, assumes that he knows what the client's problem is without really giving the client a chance to talk about it. It is very hard for the client to respond about any concern other than the one requested by the counselor. A very small amount of information is gained from this type of question. In fact, the use of a long series of closed questions begins to sound like an interrogation and dialogue is difficult tc establish. Can you think of any times when a closed question would be the most appropriate one to use? (Pause for answers. Add the ones which were not mentioned.) Some that I can think of are: when you need specific information or when you have an extremely verbal client. Now let's see if you can give me some examples of closed questions. (List 4 or 5 on the chalkboard or on newsprint.) How about open questions? (Again, list 4 or 5 of these.) Are there any questions about the differences between these two types?
Review Section "D" of Background Material.	5	Now let's look at Situation (2). How do you respond to this situation? (Allow several participants to respond and give their reasons.)

Notes on Activities	Time	Activity
		Response "A" allows the client to respond to the questions on his own terms. If the counselor interrupts the silence as in Response "B," then the manner of response from the client is narrowed by the counselor. For instance, in this example there is a difference in the information received from the client showing the fact that he uses a budget (or doesn't), and the counselor assuming that a budget is used. Silence allows the client time to reflect on the question and on his/her response. He/she can assimilate the learning that may be taking place. With the counselor allowing silence, the client can assume more responsibility for the solving of the problem. If the counselor keeps asking questions, then the client does not have to assume responsibility for the solution. Are there any other ways to handle silence by the client? (Pause for responses.) Could the client remain quiet if he does not understand the question? How would you handle this situation? What kind of information does this give you about the client?
Review Section "F" of Background Material.	5	The third situation deals with appropriate and inappropriate questions. How did you respond? (Pause for responses.) Responses "A" and "C" are not related to the client's problem and are inappropriate. Response "B" will give you information about the client's money management habits and gets the client to think about styles of money management. Appropriate questions address the client's financial problems and the topic of discussion at hand. By using appropriate questions, the counselor can keep the interview focused on one relevant subject at a time. This helps make the most efficient use of time available.
Review Section "C" of Background Material.	5	Let's turn to Situation (4). How did you respond to this one? (Pause for responses. Ask for reasons for responses.) Responses "B" and "C" are not the best responses. Response "A" is called a Probe. It is exploring or searching for the reason why the client is coming for

Notes on Activities	Time	Activity
		help. Sometimes a client comes to a financial counselor and will withhold information or give false or incomplete information. This type of client is called a reluctant client. There are many reasons why this client might be reluctant. They may have been pressured to come for counseling or they may be embarrassed about their financial situation. If the client is reluctant to share information, then the reason for the client's reluctance becomes the focus of the counseling process at that time. The Probe is used mainly to discover the reasons for the client's reluctance at sharing information with the counselor and to determine the level of desire for help. Probing questions are used most effectively with a reluctant client. But one must be careful not to develop this as a style of interviewing. If a great number of probing questions are used, then the client may feel that he is being interrogated and close off communication. Thus we have seen four different uses of questions: The open and closed question; the use of silence; the use of appropriate questions; and the use of probing questions. Are there any questions about this material? (Pause and deal with any questions.)
Review Section "E" of Background Material. This part of the exercise assumes that you are working with practicing counselors. If you are working with new counselors, ask them to list the topics they expect they could cover in a first interview with a client. Then follow the rest of the exercise.	5	Now we need to look at one final area related to questions. That is, the process of systematic inquiry. We, as counselors, need information about the client and the problem if we are to be of assistance. Many times we have no real system of gathering that information. Take the next few minutes and write down the topics you cover in the first interview you have with a client. You can use the back of the "situation sheets" which you have, to write on. After you have them listed, put them in the order in which you deal with them. This order is not a rigid rule that you follow, but think of what you do in a typical situation. Take your time and try to think of as many topics as you can. (After 4 or 5 minutes, continue.)

Notes on Activities	Time	Activity
	5	Now that you all have them down, will one of you give me your list of topics in the order you deal with them. I will write them up on the board (or newsprint) and the rest can compare their own with it. (Write them on the board.) Now when do the rest of you differ with this "system"? (Write in the differences and discuss the reasons for them.)
Have "Example Outline" handout available.	5	I have an additional "Example Outline" for the first interview which I am passing out and we can compare it with the one we have set up on the board. (Pass out the "Example Outline" and compare the two.) This process can be carried out into each of the elements of the "Outline." You can see the examples for "Income" also on the handout. It would be helpful for you to take your first interview "Outline" and develop it systematically for each element like the "Income" example. Securing information in a systematic way allows the counselor to get complete information in an orderly way. There is less chance for error and less chance of undiscovered material (surprises) coming up later in the interview which could change the approach to solving the client's financial problem. Hopefully, you will develop such an approach if you have not done so by now.

Example Outline of First Interview

1. General discussion of the client's problem and situation
2. Discussion of any emergency or crisis situation(s)
3. Income
4. Monthly expenses
5. Debt load
6. Discussion of what the client would like to do
7. Explanation of what the counselor can do to help
8. Decision on whether to continue counseling and/or what action to take

Example of a Systematic Approach to Inquire About a Client's Income

Income

I. Do both husband and wife work?

   A. Husband
      1. Wages or salary
      2. Overtime
      3. Bonus
      4. Part-time jobs
      5. Income tax refund
   B. Wife
      1. Wages or salary
      2. Overtime
      3. Bonus
      4. Part-time jobs
      5. Income tax refund

II. Do Children Have Income?

   A. Part-time jobs
   B. Child Support/Social Security

III. Other Family Sources of Income.

   A. Interest income
   B. Investment income
   C. Veterans' benefits
   D. Social Services
   E. Disability income
   F. Gifts from parents
   G. Other

Situations and the Use of Questions

1. "Well, generally, my finances are a real mess and I'm having trouble making the payments on the debts that I do owe. But the real problem is this big medical bill that I don't owe and the collection agency is taking me to court. I'm afraid they might win and start garnishing my paycheck and then I'd probably have the car repossessed, too."

   How would you respond?

   A. It seems like you are having trouble in keeping up with your bills. What we'll try to do today is develop a financial plan that will enable you to live within your income and pay off the bills. Let's start with your income; how much do you make?
   B. Hmmm. I see. Why don't we concentrate on this immediate problem with the medical bill first. What makes you think that you don't owe this bill?

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2. Counselor: Tell me how you manage your money.
   Client: (No immediate response.)

   How would you respond?

   A. (Wait in silence for client to respond.)
   B. What I mean is, how do you budget your money?

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3. "My brother in Cincinnati had the same kind of money problem last year."

   How would you respond?

   A. Last year was a bad year for a lot of people, wasn't it?
   B. Do you and your brother manage your money the same way?
   C. Did your brother get laid off?

---

4. "These bill collectors keep bothering me. I really don't understand why they don't leave us alone. We haven't done anything."

   How would you respond?

   A. What do you think a financial counselor can do to help you with this problem.
   B. Bill collectors can be a bother, can't they?
   C. How much did you spend on alcohol last month?

IV. FURTHER SUGGESTIONS

A. Have someone help you do a "role play" of all the wrong types of questions or the use of questions in the wrong ways. Make the situation comical if you are so inclined. After the "role play," ask the other counselors what would have been some better ways to deal with the questions. Then cover the content material provided.

   For example, do a complete "role play" where the "counselor" interrogates the "client" with a series of closed questions which really have no relationship to the "client's" problem. Have the role play go on for 3 or 4 minutes. Then discuss the feelings this questioning approach brings out in the "client." Do the same for the other types of question use.

B. The group leader can use the first few minutes of the session to illustrate the use of questions. Interrogate your group. Ask inappropriate questions. Let the conversation wander. Then ask the group what they observed and how they feel about it. Use their reactions to illustrate how a client may feel when subjected to the same treatment.

UNIT 5

COMMON TYPES OF FINANCIAL PROBLEMS

Introduction

What are some of the various types of financial problems that people have? This chapter will be looking at these various types of problems and will give you the opportunity to work on some possible solutions to specific problem examples. It will provide you, the leader, with:

I. Some background material on Financial Problems,
II. A conceptual outline of the background material,
III. A suggested group experience to involve those you are instructing,
IV. Some suggestions for further development and optional materials for your use.

I. BACKGROUND MATERIAL

A. What Causes Financial Problems?

For an individual or family that does not have financial problems, the situation is that their income equals their living expenses plus their debt payments. The simplest way to show this is by using a mathematical equation:

Income = (Living Expenses) + (Debt Payments)

Using this same kind of simplified way of looking at a budget we can say that a financial problem occurs when a situation exists where the sum of living expenses plus debt payments is greater than income. In this situation there simply is not enough income to cover expenses and pay the bills.

In this discussion we will assume that everybody starts out even. Everyone begins with a balanced budget. What we will be looking for as causes of financial problems will be those things that unbalance the budget. There are basically three things that can do this:

1. Decrease or loss of income
2. Increase of living expenses
3. Increase of debt payments

There is also the possibility of a combination of any two or all three things happening together. An example of this would be the wage earner whose illness results both in loss of income and increased medical expense.

Dividing a budget into these three categories--income, living expenses, and debt--gives us a framework around which to present the types of things that happen which result in financial problems. It also gives us a way of approaching solutions to the problems.

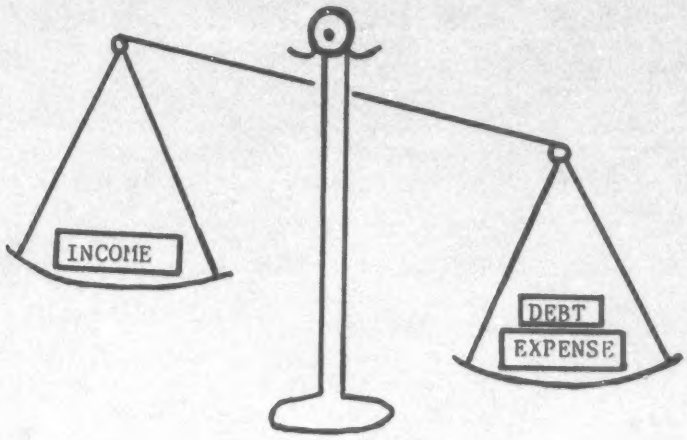
To keep this formula for a balanced budget as simple as possible, we have not included savings. Savings is the key element that makes a financial

plan work. Money that is set aside (saved) is considered here to be a part of living expenses. Savings is an essential element in an effective financial plan.

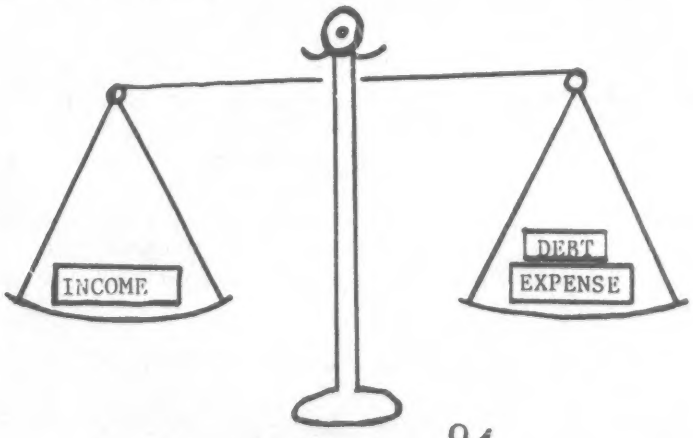
In the following sections of this chapter, we will present the types of things that happen that result in financial problems, first with income, then expenses, and then debt. Within each section there will be some general information about what to do in various situations to solve the problem.

It should be noted when using this simplified framework that a balanced budget occurs when income equals expenses plus debts. In the very simplest of terms, financial problem solving is a process of increasing income or reducing expenses and/or debt payments enough to make the budget "balance." One goal of financial counseling is to make the amount of income equal to the sum of living expenses plus debt payments.

If you think of a family's financial situation as a balance scale, you can see that a financial problem occurs when the expense and debt side is heavier than the income side.



Financial counseling is really just a process of getting clients to add enough to the income side, or subtract enough from the expense debt side, so that the scale will balance.



B. Problems Related to These Three Major Budget Components

1. Decrease or Loss of Income

Problems with income can usually be classified as either temporary or long-term (sometimes even permanent). We will first discuss problems of temporary decrease or loss of income.

a. Temporary Decrease or Loss of Income

In recent years, parts of the national economy have not been very stable. Many economic factors have worked together to reduce demand for some products, resulting in occasional business slowdowns. For the workers producing some goods and services this has, at times, meant short-term layoffs.

Most workers are able to get unemployment benefits, but the size of an unemployment check is usually much less than a normal paycheck. Also, due to the red tape involved in applying for unemployment, there is often a period of weeks before the unemployment checks start to arrive.

For the person who has no cash reserve (savings) this can create, temporarily, a real financial crisis. Even for those with some savings, unemployment can cause difficulties in keeping up with living expenses and debt payments.

Another temporary problem with income arises when a wage-earner becomes sick or injured. After all sick leave is used, there comes a time when income stops. With sickness and injury the unemployed person is also <u>not</u> eligible for unemployment benefits, as one must be able to work in order to collect unemployment benefits.

<u>Solutions</u>. There are things that can be done to cope with temporary income loss in each of the three budget categories--income, expense, and debt.

For the income portion, all available sources of assistance should be sought. Apply for unemployment compensation (U.C.). This will give the client some income. Apply for food stamps. The amount of U.C. for a single person will usually be over the limit for eligibility for food stamps. Most families, however, will be able to receive food stamps. Another alternative is to look for part-time jobs to supplement U.C.

Living expenses should be cut to the minimum during periods of reduced income. Don't but clothes. Cut out the purchase of non-essential food products such as candy, soda, junk foods and convenience foods and substitute less expensive items. Use the car less to cut back on gasoline costs. Cut down or eliminate alcohol consumption. Check to see if medical insurance coverage continues during unemployment. If not, apply for medical assistance at the same time and place as for food stamps.

Debt payments may be reduced or waived for short periods <u>with the permission of the creditor</u>. This last thought is important. Clients are using creditors' money as a temporary trust and they have a <u>responsibility to repay</u>. The money was lent when the creditor determined that the client had the ability to repay the loan. When the client's situation changes and the ability to repay is lessened, the creditor has a <u>right</u> to know, and the client has a <u>responsibility</u> to inform the creditor.

Clients should bargain with creditors on the basis of how much money is available for debt payments. They may ask to waive some payments. On other bills, they may ask to pay the interest only. Or they can negotiate for half-payments, or whatever they can afford to pay. If the financial counselor works in an agency that deals directly with creditors, the counselor can negotiate on behalf of the client.

b. Permanent or Long-Term Loss of Income

Following is a list of events that often result in a permanent or long-term loss of income. Severe financial problems frequently accompany these events.

- Disabling diseases
- Heart attacks or strokes
- Disabling injuries
- Retirement
- Fired from a job
- Closing of a factory or business
- Death of a wage earner

Retirement is the only one of the listed events for which one can plan ahead. The others usually happen quickly and leave the affected person and/or the family in a crisis situation.

Solutions. Generally, the solutions are similar to those for temporary loss of income. To obtain income, apply for unemployment compensation (U.C.), Social Security, welfare or pension, whichever applies. Supplement that by applying for food stamps and medical assistance.

Living expenses must be changed substantially and scaled down to reflect the amount of income that will now be available. In cases where there are medical problems, the hospital and the welfare agency should be notified immediately. Apply for medical assistance when applying for food stamps, even if the client has medical insurance. If the insurance doesn't cover all medical costs, hospitals and welfare departments usually have funds to cover bills that people cannot pay. These agencies must, however, be notified immediately, since they can only cover expenses that occur after they are notified. If the client qualifies for medical assistance through the welfare program, this will cover all medical costs, usually for the entire family.

Long-term financial problems often force people into a completely different lifestyle. The changes are often dramatic and traumatic. It may mean selling a house, a car or other possessions. It may require moving to a less expensive apartment.

Debt is frequently the most difficult area to deal with for people with a long-term loss of income. There may not be any money to put toward debt payments. First check to see if the client has sickness or disability insurance on loans (this is automatically included in most loans by credit unions). People frequently have this type of insurance on home mortgages and loans from consumer finance companies. If there is insurance, notify the creditor and fill out the necessary forms. The insurance will then pay the monthly payments until the debtor recovers.

If there is no way of paying the bills, notify the creditors of the circumstances. What happens then is largely up to the creditors. The creditors may simply write off the debts as uncollectable or they could sue for a judgment in court. They could also turn accounts over to their own bill collectors or to a collection agency.

Clients with no money to pay off their debts have few options. They can let the judgments pile up and ignore them. Then if their financial situation improves in a few years, the creditors have a right to request payment. If collection pressure is too great, clients can consult with an attorney about filing for bankruptcy.

c. Irregular Income

There are a number of special income-related problems that can cause financial problems. One of these is <u>irregular income</u>. The types of people who fall into this category are seasonal workers, people in the building trades, and people in sales who are paid by commission.

The best way for people with irregular incomes to prevent financial problems from occurring is to set aside (save) enough money to use as a backup for the lean times when income stops or drops. Unfortunately, many people don't do this.

Another factor often compounds the problem of people with irregular incomes. This is especially true of sales people. The problem is that they estimate too high for income when they are planning their budget. This kind of optimism seems to be a part of the personality makeup of some people. Frequently, however, this tendency to over-estimate income leads people to contract debts that they later cannot pay.

<u>Solutions</u>. The first step in solving financial problems caused by irregular income is to get clients through the immediate crisis first. Expenses must be cut back as much as possible and debt payments usually have to be negotiated down. When income goes back up, expenses must be held down, debt payments brought back up to normal, and a savings account must be started. <u>The only long-term solution</u> for financial problems caused by irregular income is to set aside enough money to use as a backup when income drops.

2. <u>Problems with Expenses</u>

In the simplest terms possible, the major underlying problem in the area of expenses that causes people to get into financial trouble is that their monthly living expenses are too high. Most financial counseling clients don't realize this, because generally the event that leads them to seek assistance with their problem is some kind of crisis situation.

Therefore, they mistakenly <u>think</u> that the problem is the crisis at hand. These kinds of crises are often the types listed below:

- Unexpected medical expenses
- Major dental costs
- Car repairs
- Uninsured losses

- House repairs
- Replacement of appliances
- Taxes due
- Annual insurance premiums due

Every expense budget should have two components. First, money should be budgeted to cover regular monthly expenses. Second, money should also be set aside in a reserve account (savings) to be available to pay for expected or unexpected irregular expenses. The above listed "crises" are events that should be expected to happen, since they happen to almost everybody. So, although a crisis may appear to be the cause of a financial problem, the larger, underlying cause is the failure to plan ahead.

You will find that people with financial problems often have high fixed expenses. Fixed expenses are regular monthly expenses such as shelter cost (housing plus utilities), food, transportation, debt payments. When a person or family has high fixed expenses, most of the paycheck is committed before it is even received. This leaves very little discretionary income--income that is not committed to a certain expense, or that is free to use in any way one wishes.

The more discretionary (or free) income there is in a budget, the more flexible it is. And the more flexible a budget, the better able it is to handle unexpected expenses.

The national economy over the last few years has generated price increases due to inflation and soaring costs in specific areas. Rapid increases in the cost of utilities, food, gasoline, medical treatment, insurance, etc. have created for many people a situation in which fixed costs have risen rapidly and have robbed budgets of their flexibility. This has left many Americans vulnerable to problems that arise when unexpected expenses occur.

Following are brief discussions of some specific problem areas with expenses. These are areas that should be closely examined by a financial counselor when looking for causes of financial problems and for solutions.

a. Shelter Cost (Housing)

Only a few years ago it was generally recommended that a family keep their total shelter cost down to around 20-25% of their income. Thus, for a family earning $1000 per month, the recommended shelter cost was $200-$250 per month.

In keeping with the reality of skyrocketing shelter costs, it may be necessary to increase the percentage of income used for this budget category. It is probably more realistic today to allow somewhere between 25 and 35% of income for shelter costs.

The crunch in shelter costs hits some types of families harder than others. Large families must spend more for housing than small families or singles. Also, low income families often must spend a higher percentage of their income on shelter, since there is a minimum level of shelter cost. For example, the income for a family of four from AFDC (welfare) varies from state to state, averaging around $400 per month. The least expensive two-bedroom apartment in most areas of the country, including heat and utilities, is around $200. Thus, if these people cannot find subsidized low-income hous-

ing, they may have to spend 50% of their income for housing. It is both unfortunate and not unusual to find low-income and large families spending 50% or more of their income for housing.

b. Food

Food costs have also been rising steadily, and have become a problem area in many budgets. An even greater problem is what we eat, where we eat, and how much we eat. Americans are eating more and more meals at restaurants and fast food shops, which costs more than fixing the same thing at home.

We have also turned away from fixing meals from "scratch." Most Americans now eat convenience foods that are quicker to fix and cost more, and "junk" foods that offer little or no nourishment at high prices.

Most of us also eat too much. Some 30% of us are overweight, a fact that the American Medical Association has reported may be our nation's #1 health hazard. And as unlikely as it may sound, many overweight people are undernourished because they eat too much junk food and too little food which is truly nourishing.

A quick glance at our shopping baskets in the supermarket will reveal how much of our grocery dollar goes for basic foodstuffs and how much goes for candy, snacks, soda, and convenience foods. Many families could probably cut their food costs by 25-30% with no loss in nutritional value. A family of four can eat well on $225 per month (1979 dollars) or less in most parts of the country. The same family of four could probably cut their food bill back to around $200 with no loss in nutrition. The meals might, however, be quite plain.

c. Transportation

One hardly needs to mention the rapid increase in gasoline prices which keeps rising steadily. The federally mandated anti-pollution controls, to make things more difficult, lower the number of miles-per-gallon that cars get. As a result, the gasoline cost of dirving has risen. Helping to offset this situation are the attempts by the car manufacturers to build lighter vehicles that do get better mileage.

Also, there are increases in costs of all things that are auto-related. Cars cost more. In 1968 a basic four door Dodge sedan cost about $2,500. By 1973 the cost had increased to about $3,500. In 1977, the cost for an equivalent car was about $5,000. The 1979 base price is about $6,400.

In addition to the increase in the cost of the automobile, the cost of auto insurance has risen rapidly. Car maintenance and repair has also risen in price.

Perhaps the largest factor affecting most Americans' transportation costs is our attitude toward cars and their use. Few Americans today think of cars as just a form of transportation. A car is a badge of one's lifestyle. It has become a symbol, a way of communicating one's status in life to other people.

A quick look in a new car showroom will make this clear. Special paint stripes, opera windows, "appearance group," air conditioning, raised white-letter tires, chrome wheel rings, special "designer editions," denim upholstery, fake air scoops, "rallye wheels," stereo radios, tape players, sunroofs--all these are unrelated to a car's basic transportation function of getting from point A to point B. The average full-size American car is more of a motorized livingroom than a device to transport people and cargo around efficiently. As a result, what we call "transportation cost" is made much more expensive for the sake of comfort, convenience, style, and status.

We also use our cars more than is necessary. Most people who live on bus routes still drive alone to work. Most commuters have made no attempt to car-pool to and from work. As a result, many families have created a "need" for a second car. We will also drive four blocks to the store for one item, rather than walk.

The result of all the above attitudes and unnecessary use of cars is added expense. Most Americans could easily cut their transportation expense by 25-50% or more just by changing to a more efficient car and by planning how to use their car as little as possible.

Many clients who seek financial counseling have already made commitments to expensive cars. They are frequently stuck with a car loan that is much greater than the resale value of the car. Any mention of selling a car will usually not be taken seriously, because people attach a lot of meaning to their cars and the image the car projects. People are generally very resistant to trading down to a more economical car, or selling a second car. This is an area in financial counseling that rarely has any effect, although it has great potential for reducing expenses.

d. Medical and Dental

The cost of medical and dental care has climbed continuously for many years. These costs now are a major budget item for most families. Adequate health insurance gets more expensive and harder to obtain every year. One result of this has been that many families have cut back on health checkups and maintenance costs. The General Mills American Family Report (1974-75) reported that 18% of the people they surveyed were postponing medical and dental checkups.

In reality, the individual or family that does not have good medical insurance and that does not set money aside to pay for medical and dental care is asking for financial trouble. Postponing "minor" checkups may result in major medical or dental expenses. There are indications that unexpected medical expenses are the major factor in over half of the nation's individual bankruptcies.

There are few ways to reduce medical costs. Probably the most effective way is to keep as healthy as possible by eating good nutritious food and getting plenty of exercise and proper rest. The best way to cope with high medical expenses is to try to stay healthy and to plan ahead by getting good health insurance and/or setting aside money in advance for medical and dental expenses.

2. Problems with Debt

One of the more interesting ideas to emerge from the post-Warld War II economic boom in the United States is the new idea that people have about debt. The General Mills American Family Report (1974-75) stated that "According to the men and women interviewed in the Pilot Phase of this project, debt means falling behind in payments, not simply owing money...." (p. 91). It seems that we have become so accustomed to owing money that we don't consider it a debt until we have a problem paying it back! But regardless of that new way of looking at a debt, all discussions of debt in this chapter will mean money owed, regardless of to whom or how much.

How many Americans have problems with debts? It would be impossible to state an exact number. The General Mills study indicated that 27% of the families had greater debts than a year ago and that 18% are late in paying their bills. A "guesstimate" that one in five families (20%) has difficulty paying some of the bills most of the time would probably be fairly accurate.

What kinds of problems do these people have with debt? Perhaps the most frequent problem is simply too much debt.

How do people get too much debt? There are a number of ways that this situation can develop. Following is a discussion of some ways in which debts can occur or build up past the point of one's ability to pay them back.

a. Using Credit as an Alternate Source of Income

This problem is found with people who, when they run out of money, use credit cards or charge accounts to continue buying items that should be included in living expenses.

The pattern that leads up to the financial problem stage is easily seen. The balance of various accounts keeps climbing higher every month. Each month, the person pays the minimum payment or a partial amount of the total balanc When accounts approach their approved limit, these people often request that their credit limit be increased. If the creditor won't increase the credit limit, they often apply for other credit cards or accounts at other stores. Thus, they continue to have ways to obtain goods when cash runs out.

Eventually, the minimum payments plus the interest on all these accounts gets to be a major expense which cuts even further into the month's cash. At this point people frequently start missing monthly payments or paying less than the minimum amount due each creditor.

Shortly after this point, the debtor may start receiving past due notices for bills or phone calls from bill collectors. Sometimes this leads people to seek financial counseling. By the time this stage is reached, people frequently owe as much as $2,500 or more just on their various credit card and charge accounts. They usually have installment loans as well. The total indebtedness (excluding home mortgage) of people seeking counseling is frequently about equal to their annual income.

Solution. The use of credit cards and charge accounts must be stopped, completely and immediately. It is wise for these people to cut up their credit cards and send them back to the creditor with a letter explaining

their situation. Living expenses should be cut to the minimum and all available funds should be put toward repayment of the credit accounts.

b. Setting up House

This is a common problem with young married couples, particularly those beginning to have children. The general development of this problem occurs within the first two or three years of marriage, or within a year or two after the birth of the first child.

Most of these young people, when single, lived at home or in furnished apartments. After marriage, the couple moves to a larger apartment, or perhaps buys a house. Then they buy a new car, furniture, appliances, a color TV, perhaps a stereo system, all on installment loans. Generally speaking, what they are trying to do is to start out with all the same conveniences and comforts that it took their parents twenty years or more to acquire.

One day they find that they can't pay all the bills. If they would sit down and add everything up, they might find something like the following:

Car Payment	$170
Furniture Payment	75
Stove & Refrigerator	50
Color TV & Stereo	30
Dishwasher	25
	$350 per month

Sometimes this debt load, in itself, is enough to cause problems. More often the case is one where both partners have been working, but before the loans are paid off the first child arrives. Say the husband makes $800 per month, the wife $500. When the wife stops working, it's crisis time. Suddenly the family income is largely committed to monthly payments; in this case the debt payments total almost 45% of the husband's income. And even if the wife returns to work in a few months, child care often adds $200 or more a month to the couple's expenses.

Solution. Frequently in these cases a large portion of the loans has already been paid. So, although the monthly payments are high, the total amount of the remaining debt is not too great. Debt consolidation is a good way to lump all the debts together and extend the payments out over three or four years. This may add a substantial amount of interest cost to the debt, but it will frequently lower the monthly payment to around half of the original total.

In cases where the loans are still fairly new and little of the balance has been paid, the problem may have no easy solution. Some things that may be considered are selling some of the items, seeking financial help from relatives, moving to less expensive housing, or the husband may start looking for an additional part-time job.

c. Impulsive/Compulsive Spending

Impulsive spending is spur-of-the-moment purchasing of something that is not needed and that was not planned to be purchased. An example of impul-

sive spending might be a person in a department store who sees a wall hanging with a catchy phrase. The person thinks, "My, isn't that cute," and though the shopping trip was intended for the purchase of something else, the person buys the wall hanging as well.

While impulsive spending is on a whim, or a spontaneous desire of the moment, compulsive spending is more a long-term pattern of purchases that serve to fulfill some deep personal need. There are many different compulsive spending patterns. One pattern of compulsive spending is seen with people who frequently become depressed and who, in order to make themselves feel better, go out and "blow" some money on unneeded items.

Another common pattern of compulsive spending is found in people who have feelings of inferiority and who compensate by dressing in the latest fashions, driving flashy cars, and buying all kinds of showy things to create an image of success and well-being. Often these people are not very successful financially and they go deep in debt trying to keep up with, or ahead of, the "Joneses."

Both of these patterns, impulsive and compulsive, can be causes of financial problems. More important to a financial counselor, though, is the fact that these patterns--if they persist--can ruin the best planned rehabilitative budget.

Solution. A financial counselor should look for any indication of compulsive or impulsive spending patterns of clients. When the counselor finds evidence of either, it is wise to discuss with the client the effect of the pattern on the client's financial plan. It should be emphasized that if the pattern is not broken, it may ruin any attempts at developing a plan to get the client's financial situation straightened out.

Some compulsive spending habits may have very deep and hidden origins. If the client is unable to break the pattern, it may be necessary to recommend that the client consult with some kind of mental health therapist. If the success of a client's financial recovery depends on breaking a long-term pattern, a psychologist, psychiatrist or family counselor may be the only kind of professional with the training to effectively help the client. Financial counselors are usually not trained therapists. They should know their limitations and refer clients to other professionals when a problem is beyond their ability to help.

d. Lack of Sales Resistance

We are all aware of those super-special sales people who could "sell ice cubes to Eskimos." These silver-tongued smooth talkers leave behind them a whole flock of weak-willed consumers who are now the proud owners of a genuine "widgit-master" that costs only $4.95 a week for the next year and will be used once or twice, then thrown away.

Then there is the homeowner who is approached by a person who offers to paint his house for only $200. Thinking that this is a real deal, he signs a contract, only to find out that the $200 is the charge for labor. The fine print in the contract also obligates him to buy 20 gallons of low quality paint at $15 per gallon.

Both of the above examples relate to the level of a person's consumer awareness. Many people are "suckers" for a good sales pitch, or they are looking for something for nothing. P. T. Barnum probably summed up this problem best by saying, "There's a sucker born every munute, and two to take 'em." Many people seeking help with financial problems have debts that were unwisely contracted.

Following are some typical examples:

- A welfare mother who bought a vacuum cleaner costing over $500 from a door-to-door salesman.

- A man who was already having trouble paying his bills who was so impressed with a "factory representative's" sales pitch that he bought his wife an $800 microwave oven.

- A severely overindebted man who bought a new car because the salesman said he had only one of last year's model new cars left. This car was priced $1500 less than the new model and "He wouldn't get another deal like this in his entire life."

- A woman who "invested" $1200 to start a franchise business to sell housewares for additional income. She found that her town already had numerous franchises and she couldn't even sell enough to recover her "investment."

This list could be continued on with recreational land sales and a host of other types of "deals" that people would do well to not spend their money on. When a financial counselor finds evidence that a client is easily taken in by a smooth sales pitch or a once-in-a lifetime "bargain," it is best to spend some time teaching the client how to resist these things.

If a financial counselor is willing to spend the time and energy required to seek solutions to a client's financial problem, it is best to also make sure that the client develops enough sales resistance to avoid further unwise purchases. One big unwise "deal" could be enough to ruin a well-planned rehabilitative financial program.

Solutions. First, some of the types of debts in the examples above may have been contracted by illegal or unethical means. In cases where this is suspected, the client can complain to a state consumer protection agency. Another effective way of determining whether the debt is legal or not is for the client to apply as a wage-earner under Chapter XIII of the Bankruptcy Act. If a Chapter XIII plan for court-supervised debt repayment is granted, the court analyzes each of the client's debts and determines whether it is a legally owed debt or not.

Second, the counselor must build sales resistance into the client, to prevent further problems of being taken in by a smooth sales pitch or getting stuck with another unneeded "bargain."

e. Uninsured Losses

Certain events involving the loss or damage of uninsured property can result in a substantial amount of debt. Some typical events are listed below:

- Auto accidents. The uninsured motorist may sustain personal property loss in the form of damage to his/her own car. Other liability may be assessed for damage to property or another auto.

- Fire. Personal property may be destroyed in a fire.

- Theft. If personal property insurance is not in force, a home burglary or theft of a car may result in a substantial loss. The victim may need to go into debt to replace needed items.

Uninsured losses do not always need to result in a great deal of debt. Many items of property may be replaced with used or donated items until money can be saved for the purchase of new replacements. It may be best to do without some items until one's financial condition permits their replacement.

Solutions. For the individual or family already beset by financial problems, uninsured losses may be a serious blow. If property must be replaced, an alternative is to go to such groups as the Salvation Army, Goodwill or the St. Vincent de Paul Society and request that used items be donated to replace things that the family cannot afford to replace.

If a home is damaged, many communities have "project repair" type programs, often through a Community Action Program. From this source property repairs may be made on a no-cost or low-cost basis. Churches may also be approached for aid in crisis situations of this nature.

There is, however, only one long-term solution to this problem. The family's budget should be revised to provide for adequate insurance to cover any future losses of this type.

f. Repairs

People whose financial life is lived on a hand-to-mouth basis, who never set aside any money for a "rainy day," may be hard pressed when repairs to their property are necessary. Some of the kinds of problems that can occur are:

- The car breaks down
- The refrigerator quits working
- The furnace won't heat
- The house needs a new roof
- Some electrical wiring burns up and must be replaced

Solutions. If the problem is an immediate crisis, such as a furnace not working during a cold winter, various emergency assistance programs should be contacted to determine if they can help. Check with the mayor's office

to find sources of assistance. If the family is already in difficult financial straits and cannot find emergency assistance repairs, a counselor would do well to explore every alternative.

One financial counselor whose client's furnace quit during a cold Wisconsin winter arranged for the furnace to be temporarily replaced with a donated wood stove that was installed with free labor by a group of concerned citizens. The family had to close off part of their house to conserve heat, but they made it through the rest of the winter without further problems.

Still, the long-term solution is to re-structure the budget to allow money to be set aside in preparation for such an emergency. The prevention of financial problems is less painful than their cure.

g. Medical Bills Piling Up

The family that does not include medical expenses in their financial plan often finds that there is no money to pay for medical bills as they occur. Traditionally, medical billing has been very low-keyed, and people who didn't pay promptly were not hounded for payment. In recent years this has become less and less true, as more medical billing is handled by professional collection services.

Some families run up hundreds of dollars in medical bills before a doctor or clinic seriously tries to collect. Some doctors or clinics then refuse service if no payment is made. Then, people often go to another doctor or clinic and run up a new set of bills. In this way many people accumulate hundreds, even thousands of dollars of medical bills toward which they are making no payments or only token payments of a few dollars a month.

The problem with medical bills often occurs when a doctor or clinic that has not been receiving payments turns the account over to a collection agency. At that point, the bill collector will frequently ask for immediate payment in full, or large enough payments to fully retire the debt in a few months. If payments are not received the collector may then be authorized to go to court and seek to have the debtor's wages garnisheed for payment of the bill.

Solutions. If the client sees a financial counselor before a major crisis with medical bills occurs, the counselor should see that the new budget contains significant fair-share payments on outstanding medical accounts. This usually prevents the accounts from being turned over to a collection agency, or an action taken to court.

If the crisis has already occurred, the counselor could negotiate with the collection agent for payments that are realistically possible. If cooperation is not received or if the client's wages are already being garnisheed, the client's best alternative may be to file for a wage earner's debt repayment plan under Chapter XIII of the Bankruptcy Act. In this way, the court supervises the debt repayment while ensuring that the family retains enough money to live on. The court also prohibits creditors from contacting the debtor in any further attempts to collect the bill.

h. Adult Toys

There is a class of goods that can only be defined as luxuries. These are items that no one needs, but yet are nice to have and fun to play with. For lack of a better term they are referred to as "adult toys." In this category fall some of the following things and probably many more that you could think of.

- Campers, motorboats, sailboats, exotic sports cars, antiques, fancy bowling balls, motorcycles, snow mobiles, personal swimming pools, and saunas, special cameras, expensive TV sets and stereo systems, race cars, microwave ovens, health spas, coin and stamp collections, a private wine cellar, riding horses, a summer cottage or winter retreat. The list could go on, but by now you should all be aware of what "adult" toys are.

For the very rich, these playthings are a part of life. To them, owning one or all is no problem financially. Then there's the rest of us. Most average Americans think about these things and would love to be able to afford some of them. A few Americans of lesser financial means even try to appear that they can afford these toys, and they are willing to go over their heads in debt to have them. Sometime later, they may need to seek out a financial counselor for help in paying the debts for their luxuries.

One of the biggest problems for a financial counselor with a client like this is often the counselor's own attitudes and beliefs. It is much too easy for the counselor to start thinking, "This client doesn't make much more money than I do. How can (s)he possibly think (s)he can afford this luxury?" When a financial counselor stops counseling and starts sermonizing, this is the surest way possible, to turn the client off. The client needs assistance with a problem, not a lecture on the evils of over-indulgence or high living. A counselor would be wise to examine his or her own feelings about such a client and see that the counselor's own morals and beliefs do not become involved in this kind of situation (or any other situation, for that matter).

Solutions. Fortunately in most cases of this type, the client has a higher than average income. Also, most clients of this type have quite a bit of "fat" in their expense budget, since luxury living tends to be general, rather than limited to one specific item. If the client is willing to make sacrifices to keep the luxury item or items, living expenses can be cut way back, freeing up enough money to make adequate payments on debts.

In other cases, such as when the client's income drops, or when illness or injury occurs, the best solution may be to give up the luxury item--sell it and apply the money to the remaining loan balance. In some cases, a wage earner plan under Chapter XIII of the Bankruptcy Act may provide for court supervised debt payments at a level that the client can afford.

Often, the creditor will be willing to adjust monthly payments down to a level that the client can afford, particularly in cases where the debtor has a previous history of responsible payment of debts. If the debtor has been

a long-term customer in good standing (many of these people are big users of credit) the creditor will usually be understanding about the client's problem. Creditors would often rather cooperate and help the client through the crisis period than force the client to sell the item or go into bankruptcy, since if they apply too much pressure they could lose a good customer.

Some counseling in the area of the reality of what the client can afford is of value for the client's long-term financial rehabilitation. Again, this is not to be sermonizing or moralizing. A better way to approach this subject is by examining the client's long and short-term goals and determining whether the luxuries that they would like to purchase are realistic for their level of income. It is also wise to examine short-term or immediate luxuries in terms of whether they are consistent with the client's long-term goals.

i. Divorce

Divorce is a frequent cause of financial problems. The process of splitting a family into two parts with separate expenses usually means that the same amount of income that once provided for one household must now support two households.

The actual dollar cost of most divorces is not extremely great. Legal fees are usually less than $500 in all but the most heated battled divorces. Still, the legal costs add a financial burden to an already difficult situation.

Divorces where the couple have no children generally cause less financial problems. Property is usually divided in such a way that each partner has less assets (roughly half) than the couple had together. In present practice there is rarely an amount of continuing alimony awarded. However, it is frequently found that one partner must assume total responsibility for all the couple's debts, either by court order or when one party moves out of state.

Divorced persons without children usually are left to make their own way in the world. Each person must live on whatever income (s)he can personally make. For couples who both worked, they must now reduce their standard of living to reflect both the additional expense of maintaining two households and lower income for each household.

Divorced couples with children generally have greater financial problems. In most cases, custody of children is granted to the mother and the father is then ordered by the court to make child support payments until the children reach adulthood. This adds a long-term fixed expense to the father's financial future.

The mother usually finds that although she receives child support, she rarely receives any alimony that would help to pay for her living expenses. This means that she must work in order to support herself. Some financial problems that affect a divorced mother are:

1. Frequently she has limited job skills and experience, especially where she married and had children right after high school

2. She is generally paid less than a man.

3. She often has the additional expense of child care to pay while she is at work.

4. She may lack self-confidence in her job skills.

5. She may choose a lower paying job due to conflicts between work and child care responsibilities.

6. She may need to return to school to develop job skills.

Solutions. Divorce is a major life change and both partners must usually develop a completely new money plan to reflect the major changes that are occuring in their lifestyle. The biggest complicating factor is usually the fixed expenses that the couple had while married. In some cases an expensive house must be sold when one partner can no longer afford to keep up the payments, taxes and utilities. Divorce sometimes leads one or both partners to bankruptcy when the financial outlay for debt payments can no longer be met by the partner on whom they are laid.

The only long-term solution to financial problems caused by divorce is to develop a completely new spending plan that is within the new financial capacity of the person. This may mean a great change in lifestyle since each person's financial resources are usually much smaller after a divorce.

C. Different Ways of Looking at Financial Problems

We have now examined various types of financial problems that people have. Some of these problems are caused when income decreases or stops, leaving people unable to pay debts that they previously could afford. Other problems are found with the debts themselves. These are the types of problems that occur when people simply contract more debts than they can realistically afford.

Frequently you will find discussions of debt problems presented in a way that assigns the blame for the problem as external or internal. An external cause is usually thought of as something beyond the affected person's ability to control, such as being laid off at work or becoming sick or injured. Internal cause is usually assigned to debt problems resulting from what the individual does willingly, such as compulsive or impulsive spending, filing for divorce, buying luxury items that are beyond one's ability to afford.

What does this way of looking at financial problems mean to a financial counselor? First of all, external and internal causes often have a great degree of overlap. It is frequently difficult to determine how much of the cause resulted from external factors, and how much for internal. Take the case of a person who is laid off from work. Perhaps the person was doing sloppy work, or was often absent from work, or was drinking on the job, etc. Was this person laid off strictly because of economic reasons or due to poor work habits?

Take the wage earner who has a crippling heart attack. Perhaps this person is a "workaholic" and has overworked for years. The result is a heart attack. Is this an external or internal cause?

Second, even if the cause of a financial problem can be determined to have occurred from totally external or totally internal factors, what difference does it make to a financial counselor? NONE, whatsoever! Or at least it shouldn't make any difference.

Regardless of the why or how behind the financial problem, the existing fact (reality) is that the client has a financial problem. The only way the problem can be solved is if the client takes full responsibility for the problem and does what is required to solve it. All the counseling in the world is fruitless if the client is not willing to change what must be changed to create an effective financial plan.

The common result of assigning blame to external or internal causes of financial problems is that the counselor judges the client. In this way the counselor comes to sympathize with clients whose problems are seen as resulting from factors beyond their control. And frequently the counselor will blame the client whose financial problems are self-imposed. In this way the counselor sets up categories of "good" and "bad" clients. The counselor evaluates each client's case on the basis of the counselor's values and morals and as a result, "good" clients get better treatment than "bad" clients.

Every client deserves equal personal respect and quality of counseling. Whether the client is rich or poor, black or white, male or female, intelligent or not, clean or dirty, well dressed or in rags, a counselor should treat all clients equally. Judging clients on the basis of the origin of their problems usually results in preferential treatment of some clients and poor treatment of others.

By using the less personal method of examining income, expense and debt structures, a counselor can find various factors that caused the financial problem that are less likely to lead to evaluating the client. And when proposed solutions are presented in an income vs. expense and debt structure, it is easier for the counselor to attack financial issues rather than personal ones.

There are basically two ways of approaching financial problems. One way can be thought of as the "Band-Aid" approach. This is when a counselor finds a specific problem and offers a simple solution without looking carefully at the client's total financial situation. This approach is used by many judgmental counselors when they have a case where the client has purchased a luxury item that (s)he can't afford. The counselor's general attutude in this type of case might be, "Look, dummy, you can't afford it, so sell it and let it teach you a lesson."

The "Band-Aid" approach is also frequently used by "counselors" who automatically place clients on a debt management plan, regardless of their problem. Obviously, not every financial problem can be solved by negotiating lower payments to creditors.

If a patient had a running sore on an arm that was caused by skin cancer, a doctor would be less than effective to simply clean it up and put on a Band-Aid. Similarly, a client with financial problems does not receive much help

from a financial counselor who deals only with an immediate small problem and doesn't take the time to discover the underlying factors in the client's situation.

The other way of approaching financial problems is by looking in depth at the client's financial situation. In every case, the counselor should take the time to fully investigate each of the three areas--income, expenses and debt. This not only gives the counselor a total picture of the client's financial situation, it also has another advantage. By using this simplified approach the counselor can readily teach the client about these three basic components that make up a budget. By teaching the client the basic ingredients of budgeting, the counselor makes the client better able to see possible ways of solving the problem at hand and of avoiding future problems.

1. Summary

We have now examined a variety of types of financial problems that are frequently seen by financial counselors. We have discussed some specific problems as well as general types of problems. For use in financial counseling it is helpful to break a person's financial situation down into the three major budget components--income, expense, debt. Thinking of these components as being closely inter-related, and by looking at a balanced budget as a situation where income equals expenses plus debt payments, we can be better able to discover those factors that tend to "unbalance" a client's budget.

Also, by thinking of a budget as a balance among these three components, financial counselors are more aware of things that can be done to bring the budget back into balance. Generally speaking it is necessary to increase income and/or decrease expenses and/or debt payments.

This way of approaching financial problems has another advantage. It allows the financial counselor to concentrate on financial matters rather than on the personal characteristics of clients. This helps the counselor to avoid personal judgments about clients and keeps the counselor's own values and attitudes from forming a barrier to building an effective counseling relationship with clients.

A further advantage of using this approach to examining financial problems lies in its educational value. A counselor can use this framework to teach clients the elements of budgeting which aid the clients in understanding their present problem and in finding a solution. It also teaches them how to avoid future problems.

We live in a time that is filled with both uncertainty and rapidly rising prices in many areas. Thus, we must be able to change in order to keep up with the times. In our financial dealings, the best way to make sure that we are able to deal with changing prices is to create a financial plan that is flexible.

When most of our paycheck is already earmarked for specific fixed expenses, we may find that we are unable to cope with either unexpected expenses or rapidly rising prices. In other words, when most of our income is committed to fixed expenses we have no budget flexibility. Frequently people whose financial plan is not flexible find themselves in financial trouble and seek

counseling. It should be obvious to the reader by now that one goal of financial counseling is to build some flexibility back into the budgets of our distressed clients.

2. Factors Associated with Financial Problems

Research into financial problems over the years has found a number of characteristics that seem to be frequently associated with financial problems. The mere fact that a person exhibits one or more of these characteristics does not necessarily mean that the person does have or will have financial problems. However, people who have one or more of these characteristics (and particularly people who have many of these characteristics) are more likely to have financial problems than those who don't.

The following list is adapted from A Financial Profile: How to Identify People Likely to Have Financial Difficulty, by Frederick E. Waddell, an experienced researcher in the field of financial problems and consumer affairs. First, Mr. Waddell lists major factors likely to indicate financial problems:

1. A person who is highly vulnerable to events affecting financial stability, as indicated by:
   a. Less than two months' income in liquid (cash) assets.
   b. Installment debt that takes more than 12 months to pay back.
   c. More than 20% of take-home pay committed to installment debt payments.
   d. Skipping monthly debt payments to have enough money for living expenses.
   e. Taking out new loans to pay off old ones (consolidation loans).
2. A person who takes out loans to pay for regular living expenses.
3. A person who gets behind in rent or utility payments.
4. A person who doesn't keep track of, or who doesn't know, how much monthly living expenses or total debt are.
5. A person who has impulsive or compulsive spending habits.
6. A person who reports that "something is always going wrong," such as:
   a. Sickness
   b. Pregnancy
   c. Auto or other accidents or injuries
   d. Auto or appliance breakdowns
   e. Lawsuits or court judgments
   f. No sales resistance

Other more general indications related to financial problems are found with persons who:

1. Have co-signed for another person's loan.
2. Seek a consolidation loan when income changes--either up or down.
3. Use credit regularly as a supplement to income.
4. Are between the ages of 18 and 37 (particularly between 20 and 24).
5. Are having marital problems.
6. Make no down payment on a loan.
7. Take out a loan on a used car, rather than a new one.
8. Have large families (more than average number of children and other dependents).
9. Are unskilled or semi-skilled (blue collar) workers.
10. Move frequently within a given area.
11. Have held their present job 3 years or less.
12. Live in a mobile home, rent part of another person's dwelling, or receive housing as part of their income.

This is a fairly complete list of factors that accompany financial problems. Added to this list could be a few special problems that usually indicate the presence or likelihood of financial problesm:

1. A person who has recently been divorced.
2. A person or family with problems of alcoholism or drug addiction.
3. A person who gambles.
4. A person who physically abuses members of the immediate family (child abuse, wife beating).

The presence of one or more of these characteristics does not in itself indicate that a financial problem exists and a financial counselor should be aware that these factors do not determine a financial problem. Yet, the more of these factors a person or family has, the greater is the potential for financial problems to exist or occur.

References

Myhre, D. C., Garman, E. T., Harris, R. D., and Harrison, B. C., Common Types of Financial Problems, Blacksburg, Va.: Virginia Polytechnic Institute and State University, 1977.

II. CONCEPTUAL OUTLINE

A. What Causes Financial Problems? A lack of balance between income and expense and debts.

B. Problems Related to These Three Major Budget Components

1. Decrease or Loss of Income

a. temporary decrease or loss of income
b. permanent or long term loss of income
c. irregular income

2. Problems with Expenses

a. shelter
b. food
c. transportation
d. medical and dental

3. Problems with Debt

a. using credit as an alternate source of income
b. setting up house
c. impulsive/compulsive spending
d. lack of sales resistance
e. uninsured losses
f. repairs
g. medical bills piling up
h. adult toys
i. divorce

C. Different Ways of Looking at Financial Problems

1. Summary

2. Factors associated with financial problems

III. SUGGESTED EXPERIENCE

Session A

Goal: To identify the different financial problems of clients and be able to place them in categories of common causes.

Group Size: 12 (if more than 12 divide into smaller groups)

Time Required: 45 minutes.

Materials Utilized:

1. Blank paper and pencil for each participant
2. Chalkboard or newsprint

Process: This is the first of a two-part training experience. Be sure to schedule time for the second part to follow as soon as possible.

Notes on Activity	Time	Activity
This exercise is designed for a group of up to 12. If your group is larger, divide them into smaller groups with a leader in each group. (See "Additional Suggestions" section for more help.)	3	Today we are going to begin to look at the common financial problems that clients bring to financial counselors and their causes. There appear to be a great many causes for these problems. In order to get a better handle on these causes, let's first look at the different types of problems you have come in contact with. I'm going to pass around some paper for you to write down the different financial problems your clients have brought in to you. Write down as many as you can think of.....
Have blank paper and pencils ready.		(Pass out paper and pencils.) Please be as specific as possible. For example, don't say "having problems with creditors." Rather, say, "having a problem with overextending his credit when he was out of work." I'm going to give you around 5 minutes alone to come up with as many different types of problems as you can. Any questions? If not, begin your list.

Notes on Activity	Time	Activity
While they are working on their lists, you fix the chalkboard with 3 columns--or have the newsprint set up for 3 different lists--with these topics: Decrease of income; Problems with Expenses; Problems with Debt.	2	(After 5 minutes say) Okay, now that we have our own lists of problems, let's look at them and see if there are any common elements which will allow us to group them. There seem to be at least three main "cause" areas: Decrease or Loss of Income, Problems with Expenses, and Problems with debt. I want you to brainstorm with me now, as you share with the group the problems you each have listed. By "brainstorm" I mean as each person shares a "problem" from their list until we've covered all the problems you've written down let's all try to see which of these three areas listed on the board it will go under, so that when we are finished sharing our lists of problems they will be categorized around central "cause" areas. (See Note.) Any questions? Okay, someone share a "problem" with us. Remember, be as specific as possible. And the rest of us will try to categorize
Note: When you have many entries under each category or when you run out of room to write, you can cut off discussion.		
See Sections II, III, and IV for background information that will help you guide the categorization process.	20	the problem under one of these three areas. (Allow 20 min. for this process.)
	10	Now let's look at these three categories a little deeper. In the first area, then, are two types of problems, a long-term (or sometimes permanent) loss and a temporary decrease or loss of income. (Point out several examples of each type from those suggested by the counselors.) There is also a problem with <u>irregular</u> income. (Point out examples. If there are <u>none</u>, then ask for possible examples from the group or supply your own.)
Cite examples whenever possible.		In the next area, Problems with Expenses, the major underlying problem is that the monthly living expenses are too high. Some of the specific examples are problems dealing with: 1) Shelter or Housing, 2) Food, 3) Transportation, and 4) Medical and Dental Expenses. (Point out examples of each area.) These are

Notes on Activity	Time	
		usually seen as <u>regular</u> monthly expenses. There are also <u>irregular</u> expenses that cannot be expected but should be allowed for in one's budget. (Point out examples if there are some.) What are some ways you can think of to handle the unexpected expenses? Which is the best?
		In the area of problem with Debt, we are talking about any money owed another person. This is an American way of life, to owe money to others. How do people get too much in debt? There are several ways that come to mind. These are:
Cite examples whenever possible.		1) Using credit as an alternate source of income, or using credit to buy <u>everyday</u> items. 2) Setting up house--rather than waiting to purchase major items one by one, the couple tends to buy them all at once. 3) Impulsive/compulsive spending. 4) Lack of sales resistance. 5) Uninsured losses. 6) Repairs--cost coming out of credit sources 7) Adult toys--like campers, boats, fancy cars, etc. Anything the client cannot really afford but the client "wants," 8) Divorce--alimony, child support, etc.
Read Section I for preparation of this section.	5	How are these components related? If one were to look at <u>the</u> major cause of the problems we have been talking about, it would have to be that there is not any <u>balance</u> in the client's budget.
Be prepared to draw the "scale" illustration shown in Section I.		(Draw the <u>scale illustration</u> from Section I.)
		When a client comes in, the side of expenses and debts is most likely much heavier than the income side--for whatever reason. Therefore one of the tasks that can be helpful is for the counselor to share this idea of <u>balance</u> with the client. "Income" must balance "outgo" (expenses and debts). In order to get one's budget back into balance it is necessary to increase income and/or

Notes on Activity	Time	
		decrease expenses and/or debt payments. It is the task of the client and counselor to arrive at some type of plan for this action to take place.
		In our next session we will be examining this balancing concept more closely and putting it into practice as we look at specific problem examples and possible solutions.

Session B

Goal: To practice the financial balance concept with specific financial problems.

Group Size: 3 groups of any size.

Time Required: 45 minutes.

Materials Utilized:

1. Situation Sheets: A, B, and C (one for each group).
2. "Problem-Solution Planning Sheet" (one for each participant).
3. Chalkboard or newsprint.
4. "Factors Associated with Financial Problems" handout sheet.

Process: This is the second of a two-part exercise. Hopefully the participants will have completed Session A within the recent past.

Notes on Activity	Time	Activity
Have the "scale" illustration on the chalkboard or on newsprint.	43	Today we are going to continue looking at common financial problems and their causes. As we said last time, the main cause is an imbalance between the income and the outgo. The change in income can either be temporary or long term, or even permanent loss of income. When income decreases, then there must also be a decrease on the other side of the scale (point out the illustration). This can happen either by decreasing the living expenses or by decreasing the debt payments. When living expenses increase, then either the income must increase or the expenses must go down or the debt payment must decrease. Similarly, if debt payments are increased through addition of new debts, then either income must be increased or there must be a decrease in living expenses or other debt payments must be made smaller (if this is possible.)

Notes on Activities	Time	Activity
		Now you can see how the simplistic concept of "income = outgo" has a great deal of meaning for financial counseling. In order to get a chance to put this new knowledge into practice, I want you to break into three groups. Each group will receive a financial problem situation sheet. As a group, your task is to come up with alternatives for solving the problem. This means first you will have to classify the problem into one of the areas we have been discussing. Then determine the alternatives: increase income, decrease expenses, or decrease debt payments. Next, which alternative is more attractive and why? Then finally, as a group, come up with a specific plan of action as to how this financial problem can best be handled.
Have ready the three situation sheets and the Problem-Solution Planning Sheet.	15	Any questions? If not, divide into three groups now. I will bring you your situation. (Hand out situation sheets.) You will have 15 minutes to work on this exercise.
Allow 20 min. for all three groups to report. That is, 6-7 min. for each group.	20	(After 15 minutes) Now, let's get back together and share your results. Each group will now present the situation they worked on and describe which category it belongs in and why. Next, elaborate on the alternatives available. Finally, detail your suggested plan of action for the client with that particular problem. Let's begin with group A. (Allow discussion to happen after the group presents their entire report.)
Refer to the Conceptual Outline to help make the major points, if you need to.	5	Okay, let's summarize what we have been looking at during these past two sessions. First, there are three major budget components--income, expenses, and debt. For the client's problem to be solved these components must be balanced. That is to say that income must equal outgo (expenses and debt payments).

Notes on Activities	Time	Activity
		If the financial situation of the client is unbalanced, then it is necessary to increase the income and/or decrease the expenses and/or debt payments. Each of the three "component" areas has a different focus for the solution. That is, when there is a decrease or loss of income, then the focus is on decreasing the expenses and/or the debt payments. When there is an increase of expenses then the focus is on increasing the income and/or decreasing the debt payment. If there is an increase of debt then the focus is on increasing the income and/or decreasing expenses.
		A great advantage of using this "balance" approach is its educational value. A counselor can use this framework to teach clients the elements of budgeting which aid the clients in understanding their present problem and in finding a solution. It also teaches them how to avoid future problems. It is a very flexible approach.
Have "Factors" sheets ready.		As an additional help in understanding the family with financial problems, I have a handout that elaborates on the characteristics of the family that typically has problems. Having this information in mind will make you a better financial counselor.

SITUATION A

Thomas Jones, married and father of two, has just been hospitalized for three weeks due to kidney failure. He now faces being on a dialysis unit for the rest of his life. The hospital bills were covered by his insurance but it does not cover the dialysis treatment which will cost $300/week. (Funds might be available to help with this expense.) The amount of their monthly debt payments is $75/month. Living expenses are now $300/month and the house and car payments are $375/month.

Mrs. Jones has some secretarial training, but has not worked since their last child, age 6, was born. The oldest child is now 8 years old.

Because of his health Mr. Jones has now lost his job and does not know where to turn with all of the expenses related to his health problems. What help can you give this family?

SITUATION B

Mr. Jim Grant is preparing to retire at age 68 from an office managerial job. His company has not had retirement fund benefits except for the last three years. His income over the past years has been in the low middle income bracket and therefore he has little in savings. He and his wife own their home. Her mother lives with them and their two children live in other cities. The taxes alone on the home and land run $600/year. They have few living expenses other than electricity, heat, and phone which average $150/month. The only income they will have will be from Social Security. He comes in and asks how he will be able to make it without his job income. What additional expenses might he expect when he retires? What can he do to meet them?

SITUATION C

Jim and Joyce Smith have just married and they are both working. Jim is starting in the electrician training program. Joyce has just started as a secretary. Since they are both working they have decided to buy a house and furnish it right away using credit to purchase their furnishings. The house payment will cost them $225/month (and wipe out both of their savings accounts). The other expenses look something like this:

Car loan	$170
Furniture loan	95
Stove and refrigerator	50
TV and stereo payments	45
Dishwasher	30
	$380/month

Their living expenses amount to $320/month.

They find themselves overextended financially since their joint income is only $1000/month before taxes. How can you help this couple?

Problem-Solution Planning Sheet

A. Present problem of the client.

B. Which budget category does it belong in?

C. What are the alternatives available for solution?

1. increase income
2. decrease expenses
3. decrease debt payments

D. Which is more attractive? Why?

E. What are some specific ways the "solution" can be achieved?

Factors Associated with Financial Problems

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IV. FURTHER SUGGESTIONS

A. If you have a large group (more than 12), then to use the suggested experience you will have to divide them into smaller groups with at least 3 in each group. If you do not have a multiple of 3 (e.g. 12, 15, 18, etc.) then put the extra people in the other groups.

B. If time for you is at a premium, then you might want to put the two sessions into one large session of 1 hour by spending less time in the small group settings.

C. You could arrange ahead of time for two of your counselors to develop a "role play" of one or two of their cases (keeping the actual client's identity confidential). Take the role play only as far as giving the necessary information about the problem. Don't let the role players solve the problem. Then ask the other counselors to develop an approach to solving the problem. When one's dealt with, then move on to a second. After the "role plays," go over the content material presented in the unit's background material.

D. If you can secure a balance scale, make blocks labeled "Income," Expenses" and "Debt." Use the balance scale to illustrate the group material about balancing a budget.